Build Wealth

(And Retire *Very* Happy)

Everything you need to double your nest egg & stop working sooner!

Slash your bills & pay much less in taxes

• • •

Score raises, big bonuses & passive income

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Learn the investment tricks of the wealthy

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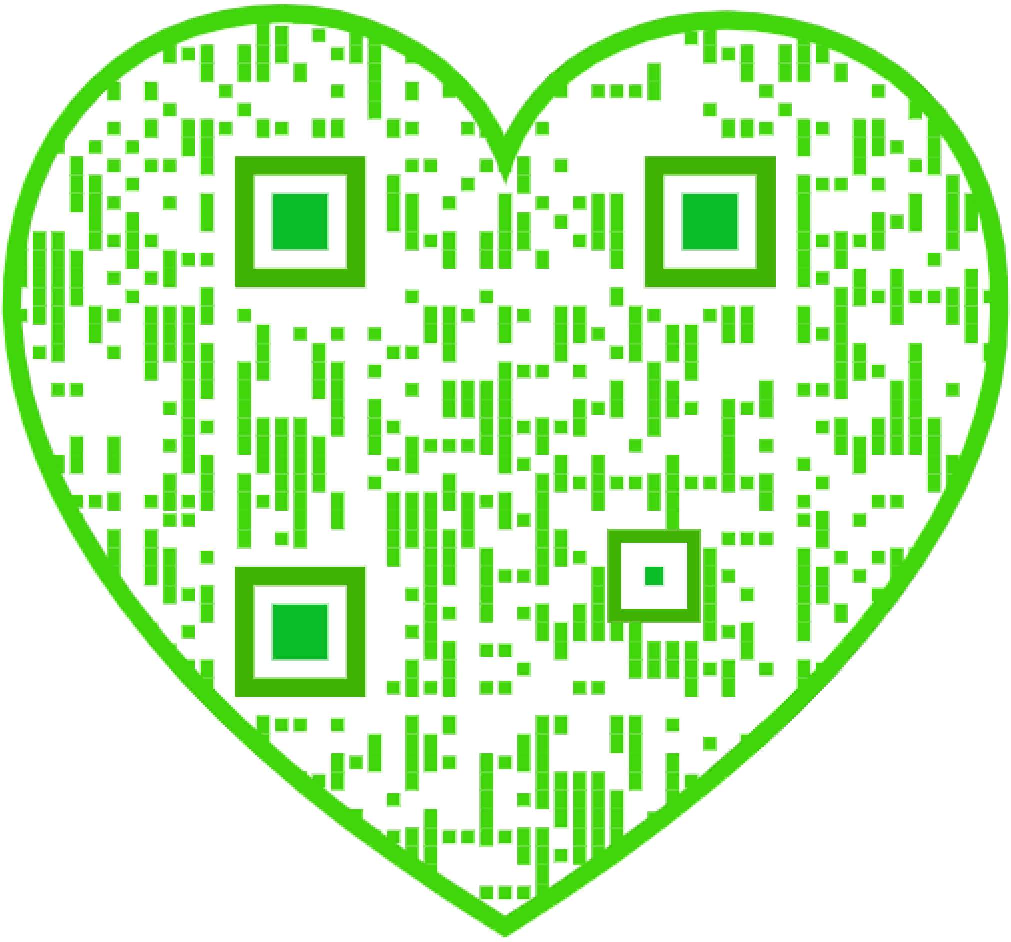

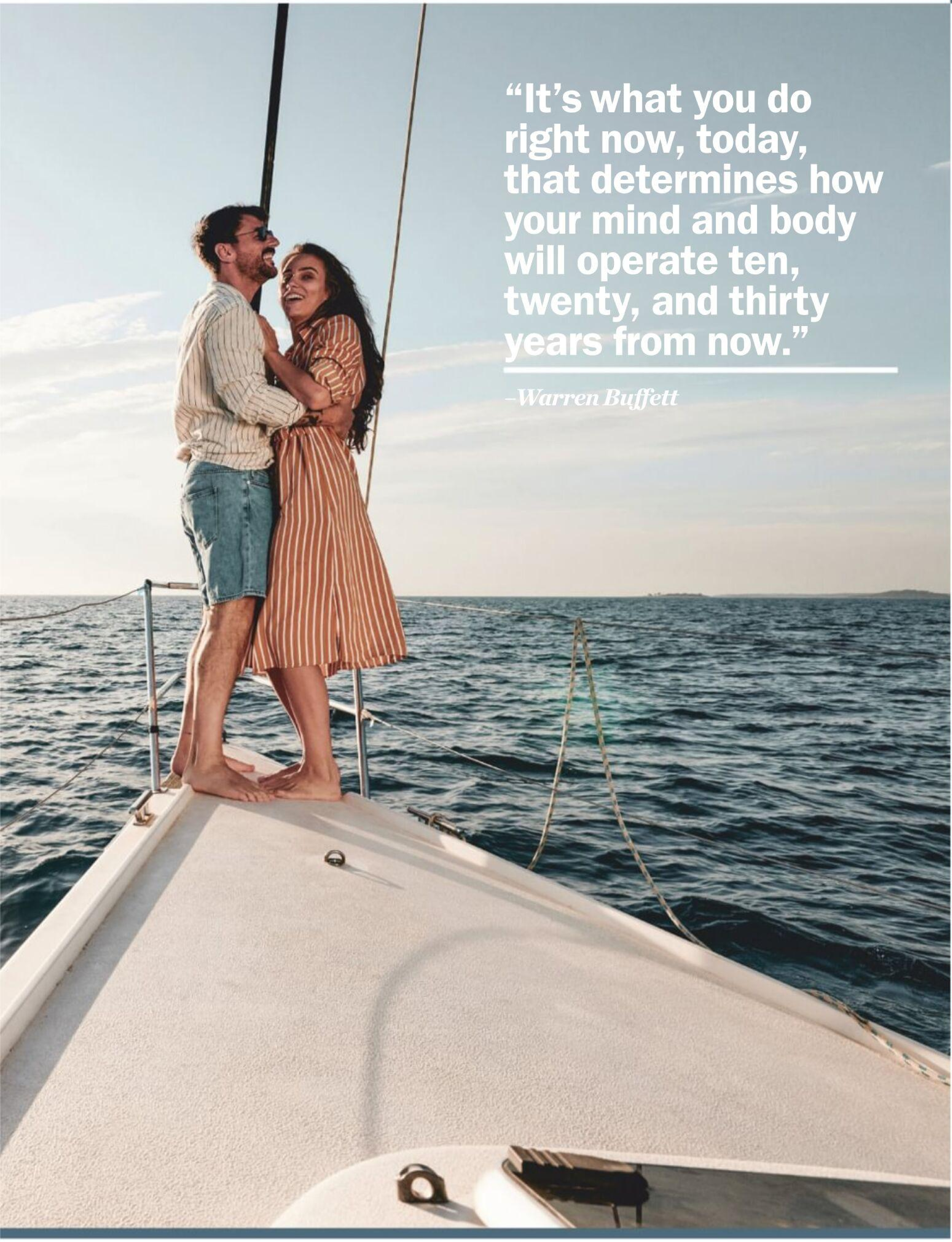

> **“It’s what you do right now, today, that determines how your mind and body will operate ten, twenty, and thirty years from now.”**
>
> *–Warren Buffett*

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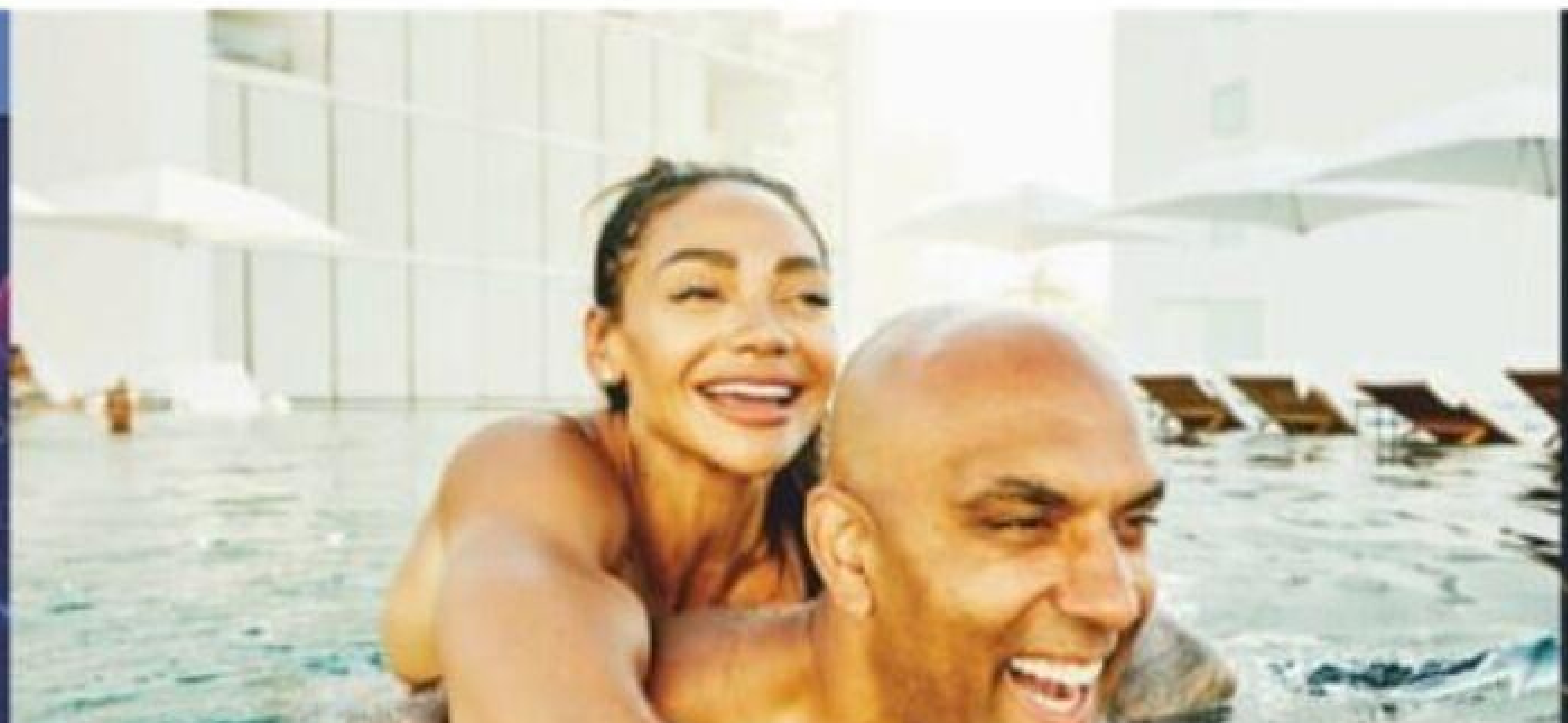

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Financial Freedom *Can* Be Yours

Embark on an epic voyage to get yourself to that perfect place you really want to be

The economy can be a little crazy at times, and it can be hard to know what to prioritize when it comes to planning for retirement. It's a long way off, after all, and you have costs right now. However, within this uncertainty lies a pathway toward building wealth, saving wisely, reducing taxes, and maximizing investment returns—a journey defined by strategic maneuvering and the judicious use of available tools. From reevaluating lifestyle to meticulous budgeting, powerful tools are already in your hands. But how much will you need? "Financial planners often recommend replacing about 80% of your pre-retirement income to sustain the same lifestyle after you retire," says certified financial planner Robin Hartill on The Motley Fool. "This means that, if you earn $100,000 per year, you'd aim for at least $80,000 of income (in today's dollars) in retirement." Sadly, according to the Federal Reserve's Report on the Economic Well-Being of U.S. Households, 25% of Americans have no retirement savings at all. You *really* don't want to be there, and that's where this guide comes in—a step-by-step journey toward financial independence.

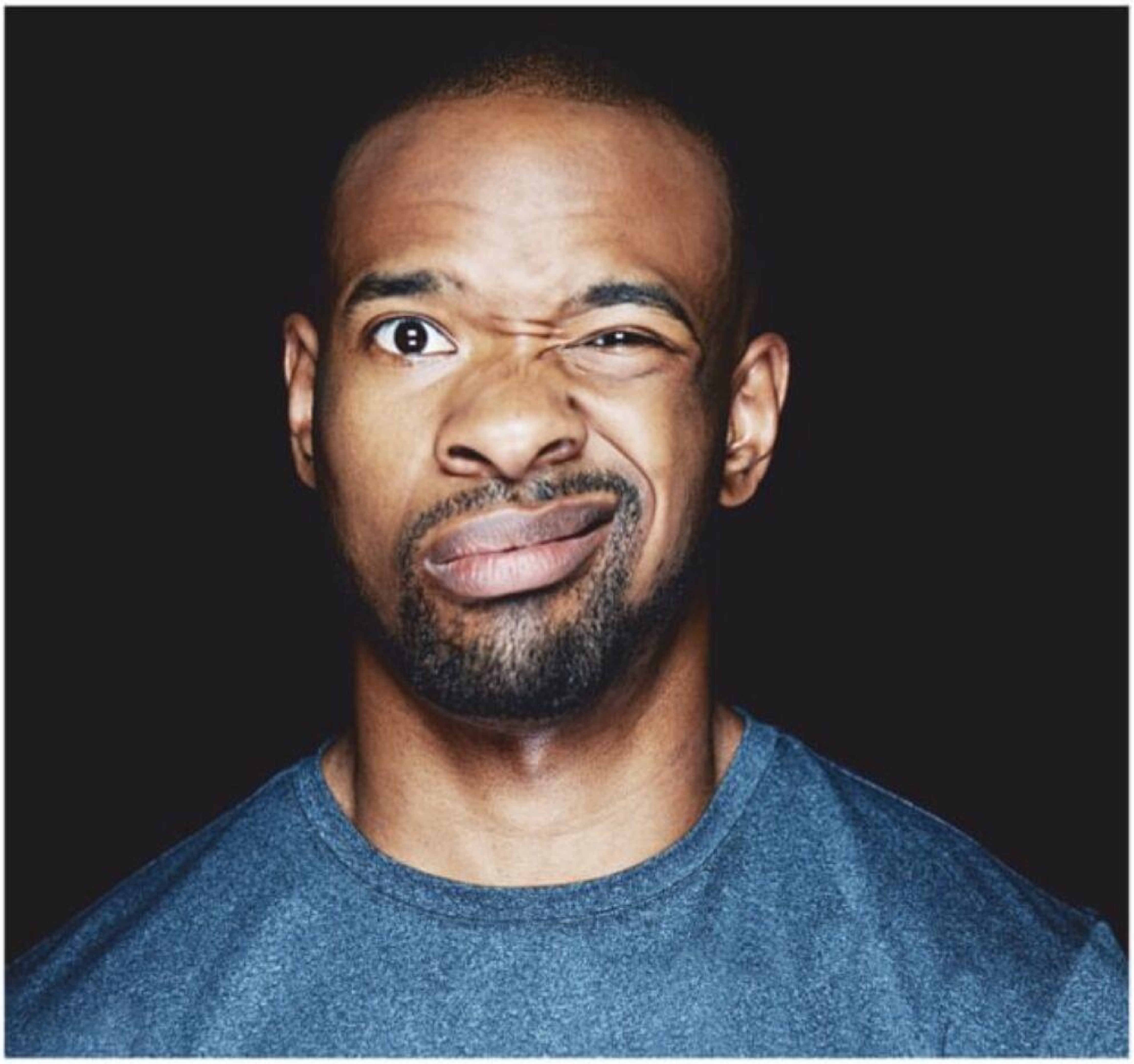
Retiring well is a choreographed dance among competing interests. Building wealth means saving religiously, increasing income, investing wisely, and paying down debts quickly. And thanks to the power of compounding interest, investments you make in your future when you're young will build for years—and every day you put off paying down outstanding obligations costs you more and more. "The choice of debt repayment or savings is not an either-or proposition," says financial analyst Greg McBride on the personal finance platform Bankrate. "You can, and should, focus on both at the same time." In the pages ahead, you'll learn how to forge this fine balance without going broke.

"It may seem trite, but it's never too late to start saving for retirement," says John Stoj, financial advisor and founder of Verbatim Financial, on U.S. News & World Report. That's true, but financial success is a marathon, not a sprint, and the earlier you get started the more economic freedom you'll have in your golden years. It's a long journey marked by discipline, patience, and resilience. Whether it's understanding retirement plans, exploring side hustles to secure a secondary income, refinancing debt, or exploring investments, this magazine's got you covered. Building wealth and retiring well just takes a little know-how and a willingness to put in the work—and that work starts now.

25% of American adults have no retirement savings at all.

HOW TO STRATEGIZE FOR SUCCESS

A quick look at some of the basic financial strategies that drive long-term wealth



Before launching your quest for financial prosperity, it's essential to first secure a clear, honest picture of your current economic standing. This sets you up for success moving forward, allowing you to gain a comprehensive understanding of how much you can safely and realistically set aside. You'll need to consider your options when it comes to clearing outstanding debts (and why doing so is vital), as well as putting the money you save into long-term growth and investments, growing your income and contributions as you go. Getting started can be the most daunting part of financial planning. But have no fear: In the pages ahead, you'll encounter insider tips and tricks that make building significant wealth possible, for everyone willing to put in the time and the work. Are you ready?

The Strength of Smart Planning

Being wealthy later comes from being smart now. Reviewing your finances is step one

At its core, smart financial planning requires a deep understanding of three key elements: your income, your expenses, and your debt. By clearly identifying your sources of income, tracking your regular costs, and getting a handle on your outstanding debts, you lay the foundation for sound financial decisions now and growth down the line.

BREAKING DOWN YOUR INCOME

Your income is the fuel that powers your financial life. It's the money you earn from your job, investments, or other sources that you can use to pay your bills, save for the future, and enjoy your life. To effectively plan your finances, you need to have a clear picture of your income. Start by listing all your income streams. This might include your salary or wages, freelance or contract work, investment income, rental income, or any other regular sources of cash flow. Don't forget to include irregular income like bonuses, commissions, or one-time windfalls. Once you have a clear income picture, you can start setting financial goals. Think about your short-term needs, like covering essential expenses and building an emergency fund—the recommended cushion is three to six months' worth of living expenses stashed in a readily accessible account. Consider your medium-term goals, like paying down debt or saving for a major purchase, and don't forget long-term objectives, like retirement savings and college or wedding funds for the kids.

MAKING SENSE OF YOUR EXPENSES

To build financial strength, you need to understand your expenses and find ways to control them. Your costs are the holes in your financial bucket—if you're not careful, they'll drain your income and leave you with little to no savings. A granular look at your monthly spending can be very revealing; essentially, it's a mirror showing your financial habits. To start, just track your spending for a month or two. Use a budgeting app such as YNAB or EveryDollar, or a spreadsheet system like Google Sheets; you can also simply write down expenses as you incur them. Track where every dollar flows, from rent or mortgage to that daily $5 coffee you grab on your way to work. Track it all, and be honest with yourself.

30
25
31
PAY DAY!
April
S M T W T

Categorize your expenses into groups like housing, transportation, food, entertainment, and so on, which will give you a clearer picture of where your money's really going. Only then can you set a budget that will work. You may want to consider trying your hand at the 50/30/20 budget rule, popularized by Massachusetts state senator Elizabeth Warren. "The rule is to split your after-tax income into three categories of spending: 50% on needs, 30% on wants, and 20% on savings," explains financial planner Eric Whiteside on Investopedia. (Some planners suggest 60/30/10.) Once you have a handle on your expenses, look for ways to optimize them. Can you reduce discretionary spending? Are there areas where you're overspending? Can you increase your income to cover essential costs? By making conscious choices, you can allocate more money to save and invest.

UNDERSTANDING AND HANDLING DEBT

Debts can be a major roadblock to financial success—be it student loans, credit cards, or a mortgage. They can eat up a significant portion of your income, limit your ability to save, and create stress in your life. Understanding these obligations is critical: Start by gathering all of your debts to understand the amount owed, interest rate, and minimum payment for each of them. Look at your total debt load and do the math to see how long it will take to pay off each debt. If you're carrying high-interest debt, consider strategies like debt consolidation or debt management. The former entails combining many debts into one larger debt with a lower interest rate, typically through a new loan, with the goal of simplifying payments. The latter involves creating a personalized plan (working with a credit counseling agency) for repaying debts and involves negotiating with creditors for lower interest rates or more manageable payment terms. "The speed with which you'll get out of debt is 100% tied to the strategies that you're willing to undertake, and how many of them you're willing to do in concert," says personal finance advisor Lynnette Khalfani-Cox in *Time* magazine. Don't ignore debt. It won't go away on its own, and the longer you put it off, the harder it will be to catch up.

Debt management lets you reduce your debt by renegotiating with your creditors.

ADDRESSING GROWTH POTENTIAL AND FUTURE CONSIDERATIONS

Once you can establish some savings and investment, you can start thinking about growth potential—the avenues through which your assets or savings could increase profitably over time. This includes recognizing career trajectories that could boost income (and savings contributions), investment strategies with differing risk profiles, or simply compounding interest rates on savings accounts or CDs (certificates of deposit). Maximizing growth potential involves staying informed on market trends and financial opportunities that align with personal goals and risk tolerance. This helps you prepare for future necessities and save up for events like retirement, college funds for children, or major purchases like a home. Setting aside enough money for expensive eventualities requires efficient budgeting on the front end, so the money has time to build for when you'll need it. But with an honest assessment of potential costs down the line, and saving accordingly well in advance, you can get there.

FIVE TIPS FOR PRUDENT PLANNING

Planning for a successful retirement involves more than just saving money; you'll want a thoughtful, proactive strategy you can keep, to ensure financial security and personal fulfillment.

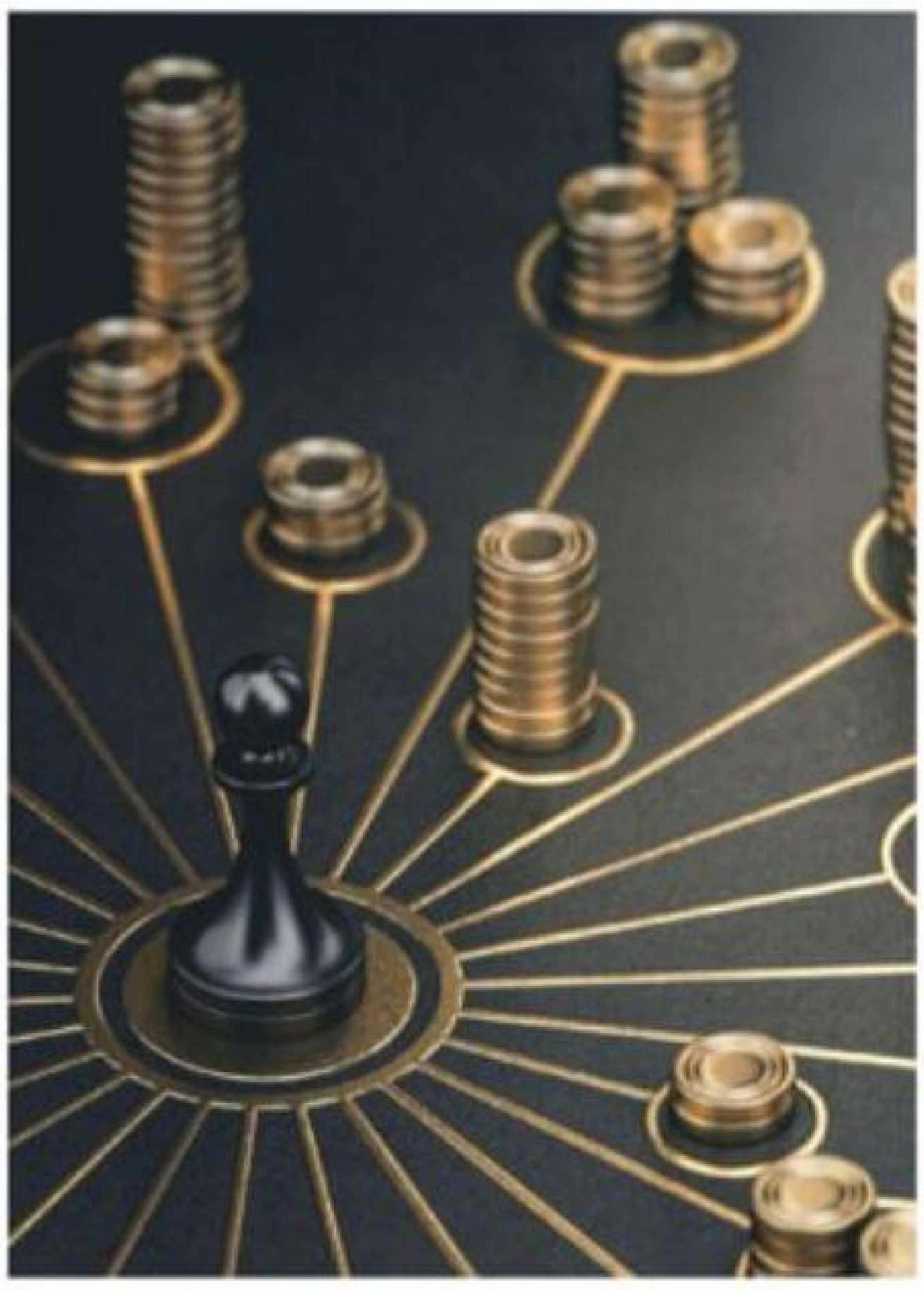
1. START SAVING EARLY AND CONSISTENTLY The power of compounding interest is your best friend when it comes to retirement savings. Even small contributions made regularly over a long period can grow into substantial funds over years.

2. DIVERSIFY YOUR INVESTMENTS Don't put all of your eggs into one basket. A mix of stocks, bonds, real estate, and cash can help you weather market fluctuations and achieve steadier growth.

3. CONSIDER PROFESSIONAL ADVICE While you can certainly manage your own retirement plan, an advisor can provide valuable insights and strategies tailored to your specific goals and risk tolerance.

4. THINK BEYOND JUST MONEY Retirement is about more than just financial security. Consider how you'll stay active, engaged, and fulfilled in your later years. Plan for hobbies, travel, and social connections.

5. BE REALISTIC BUT OPTIMISTIC It's important to have a realistic financial plan, but don't let fear of the unknown hold you back. Be confident about your potential for a comfortable and fulfilling retirement, and tighten your plan where needed.



The Magic of Compounding Interest

When the interest you earn earns interest of its own, that's a recipe for success

One of the most powerful forces at your disposal for building wealth is something that requires neither brute strength nor incredible intellect, but rather something much simpler: time. Like waving a magic wand over your savings, compound interest is the quiet powerhouse of the finance world: It's all about making your money work *for* you instead of against you over time.

CAPITALIZE ON COMPOUND INTEREST

From the outset, it's important to grasp how compounding works. Compounding interest is the process by which the money you put away earns interest, and then this newly earned interest earns additional interest in turn. This cycle can transform small savings into large fortunes, given sufficient time and favorable rates. If you plant a single seed today and that seed sprouts into a tree that drops more seeds, in time, you won't just have a tree; you'll have an entire orchard. That's the power of compounding at work.

Let's delve into some numbers to illustrate this point. Suppose at age 25, you begin saving $200 a month with an annual interest rate of 5%, compounded monthly. By the time you're 65, without ever increasing your contribution, you'd have over $300,000. But wait: If you started this same process just five years earlier, at 20 years old, you'd have over $400,000.

Compounding interest periods—the intervals at which an account is credited with interest—change the equation. "Interest can be compounded annually, semi-annually, quarterly, monthly, daily, continuously, or on any other basis," says Jason Fernando, a financial analyst and value investing specialist, on Investopedia. "Interest on an account may accrue daily but only [be] credited monthly—only when the interest is credited, or added to the existing balance, does the interest begin to earn additional interest." Whenever you set up an account or investment, pay attention to

when your interest will be compounded, for clarity and peace of mind.

There are many options for putting the magic of compound interest to work for you. High-yield savings accounts, certificates of deposit (CDs), and retirement accounts such as IRAs or 401(k)s are some examples. The rates vary significantly between options—sometimes you'll earn a higher rate if you accept more risk, sometimes it just depends on market rates—so it's advisable to shop around. Generally speaking, online banks tend to offer better rates than traditional brick-and-mortar institutions because they have lower overhead costs. Beyond savings accounts, there are also investment vehicles like stocks, bonds, mutual funds, and exchange-traded funds (ETFs) in which you can invest. While these don't pay out compound interest in the strict sense, they offer the potential for compounded growth through reinvested dividends or increased share values over time. The key to maximizing returns from these types of investments lies in consistently reinvesting earnings and keeping a long, long, long-term perspective.

A shorthand list of best practices to make the most of your money:

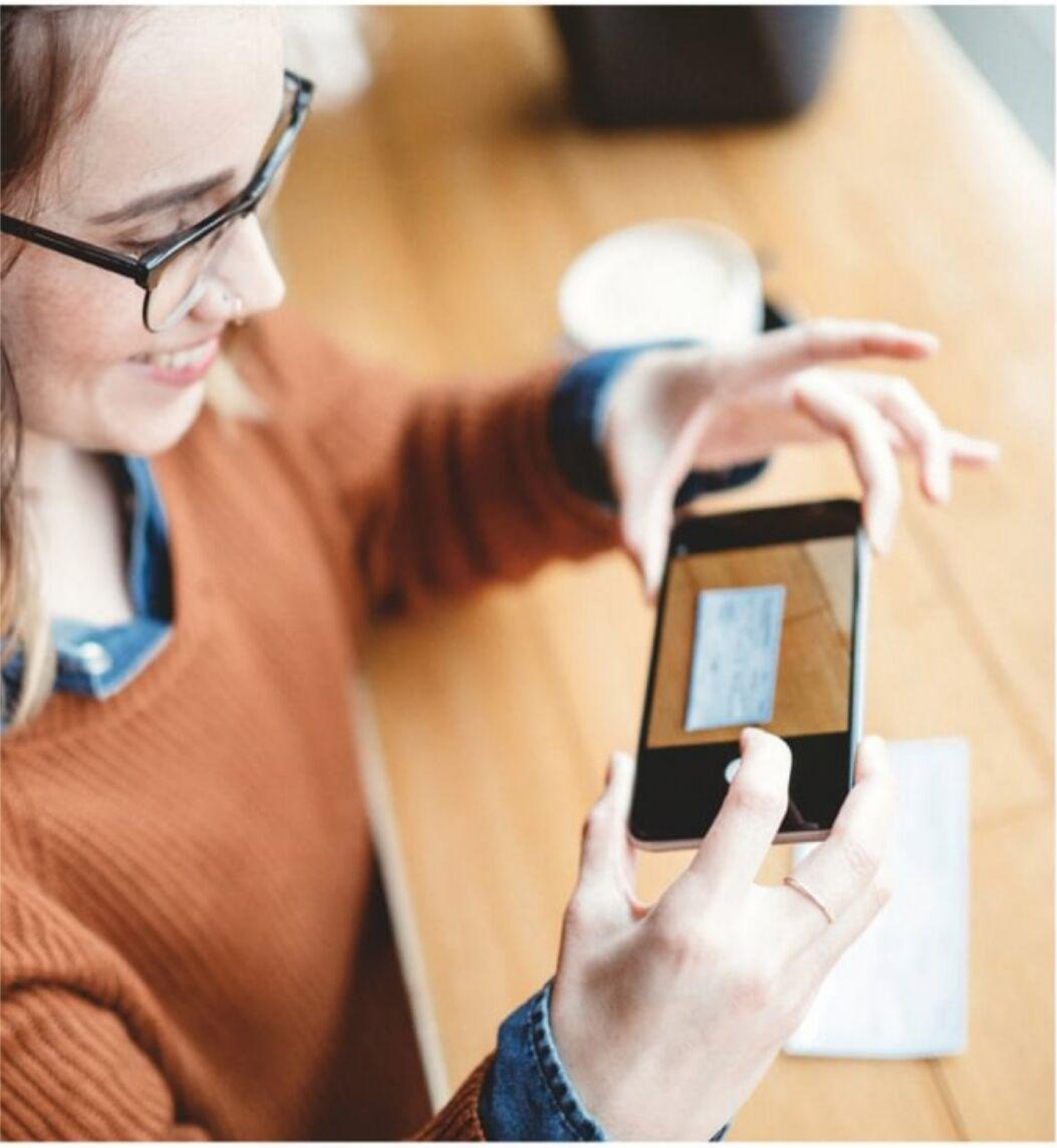
BEGIN EARLY. The earlier you start saving and investing with compound interest in mind, the more dramatic the compounding effect will be. Many parents or caregivers even take advantage of compound interest by creating savings for their children in their early years.

MAKE REGULAR CONTRIBUTIONS. Stay consistent with your contributions, even if the amount has to be small at first. Don't just invest when you have money to spare—make it part of your routine. Each dollar adds to your principal and increases the power of compounding.

SCALE UP AS YOU GO. As income grows or expenses decrease, increase the amount you contribute to your savings or investment accounts. Even small increments can have a significant impact on the compounding growth of your wealth.

RAISE YOUR RATE WHEN YOU CAN. Higher interest rates make your money compound faster, so be on the lookout for investments that offer better rates and don't be afraid to move your money.

KEEP YOUR HANDS OFF IT. Resist the temptation to dip into your funds at all. "To take full advantage of the power of compound interest, investments must be allowed to grow and compound for long periods," asserts certified financial plan-



Staying consistent with your financial contributions increases the power of compounding wealth.

ner Matthew Frankel. Leave this money out of your budgets, as if it doesn't exist—it's your gift to your future self.

TAKE ADVANTAGE OF WINDFALLS. Whenever you receive unexpected money, such as bonuses, tax refunds, or inheritance, resist the temptation to spend it. Instead, allocate a healthy portion of unexpended funds towards boosting your savings or investments, so it can compound with the rest of your money.

GET PROFESSIONAL ADVICE. If you're uncertain about where to start or how to optimize your investment strategy for compounding interest, consider seeking advice from a qualified financial advisor. An initial consult is often free, and these experts can provide guidance that's specifically tailored to your unique financial goals, helping you make informed decisions that maximize the power of compounding. $

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THE DOLLAR-COST AVERAGING TRICK

Investing can seem like a game for experts—How on Earth are you supposed to know how to time the market to buy low and sell high? Thankfully, you don't have to: There's a time-honored strategy that does it for you. Dollar-cost averaging involves investing the same amount of money (say, $100) at pre-defined intervals (say, once a year). Instead of lump-sum investments, where buying low matters, this method smoothes out the purchase price over time. How? Because when the price is low, your $100 buys more of the stock, and when the price is high, your $100 buys less of it. Therefore, you're being smarter about buying, without having to think about it. This simplifies investing, removes the stress of trying to time the market, and mitigates the risk of investing too much when the market's high.

As investment guru Warren Buffett once put it: "If you like spending six to eight hours per week working on investments, do it. If you don't, then dollar-cost average into index funds." Dollar-cost averaging serves as an autopilot for your investment journey: You don't need to obsess over daily fluctuations or predict market movements. Instead, you focus on building your investment steadily, which can be particularly advantageous for beginners or those looking to invest without constant market monitoring.

The Power of Income Growth

How to make more money faster, through career advancement and side hustles

Nobody's interested in income stagnation. That's why being strategic about boosting your income within your career is an opportunity you can't afford to fumble. Is it daunting? Yes. Is it completely achievable? Absolutely.

INCREASE YOUR LIFETIME EARNINGS THROUGH CAREER ADVANCEMENT

Career advancement is probably the most traditional and reliable method to boost earnings. Climbing the corporate ladder or taking on more responsibilities in your current role can lead to raises and bonuses (and if it doesn't, it's time to leave for a new job). To achieve these income-generating feats, embrace lifelong learning as a mindset. Stay updated on industry trends, acquire new skills, and pursue relevant certifications or degrees that boost your value. This makes you more directly useful to your current employer, but also demonstrates your commitment to growth, which is important in its own right. "The pool is now too large for general skills to garner notice," laments executive career coach Kara Dennison in *Forbes*. "Identifying the critical in-demand skills within particular industries, and investing in upskilling in those areas, can give hopeful candidates an advantage in a competitive market." However, it's not enough to invest in learning new skills—you also need to show you can translate those skills into tangible results. This means engaging in projects that will showcase your newfound abilities and seeking roles within your organization that allow you to leverage them.

The best way to grow your income in your existing career is to show you're worth taking a gamble on. Regularly assess your job performance against your company's expectations and look

for areas where you can help others succeed. Proactively seeking feedback and showing initiative can make you a standout candidate for promotions. You should also spend time building strong relationships with colleagues, mentors, and industry professionals. (This can take many forms, depending on your role and your industry.) At a small scale, try coming in earlier and staying later to showcase reliability, or taking initiative by offering to run point on that big upcoming project everyone else seems to be avoiding. On a larger scale, try attending relevant conferences and events, joining professional organizations related to your field, and leveraging social media platforms like LinkedIn to expand your business circle. Engaging in networking can unveil new prospects and ensure your presence becomes known within your industry.

DON'T BE AFRAID TO TRANSFER TO A NEW COMPANY

While job searching can be a challenging and stressful process, sometimes it must be done—especially if your salary is no longer cutting it when it comes to your retirement savings. Don't just accept the same salary for years on end, even if you have a strong relationship with your company. Instead, do your research to understand the market rates for your skills and experience.

If you're not getting paid what you're truly worth, it's time to consider other options. You can start by updating your resume so it reflects your most current and relevant accomplishments. Then, it's time to start leveraging job boards, professional groups, and your network to explore new opportunities. This can all be done "under the table," so that your current company doesn't know you're looking before you have a new position. Or if you think your company might fight to keep you, start with a straightforward conversation with your manager about a raise, reflecting your commitment to the role, and share the market rates for people in your position. (Just know that managers may take this conversation in different ways; some may be upset.) Remember that top talent can be hard to find, and companies are willing to pay more to attract it. So, if you're feeling underpaid, don't be afraid to make a move—a new job could lead to a significantly higher salary.

Side hustles present another venue for boosting income: The gig economy has shown us the power of having multiple streams of revenue. Should anything happen with your primary job, having an alternative source of income (or a few) could provide much-needed security. They also let you test out entrepreneurial ideas with less upfront risk than launching a full-fledged business from scratch. From freelance writing or graphic design to driving for ride-sharing services or renting out property, there are possibilities for nearly every skill set and time commitment level.

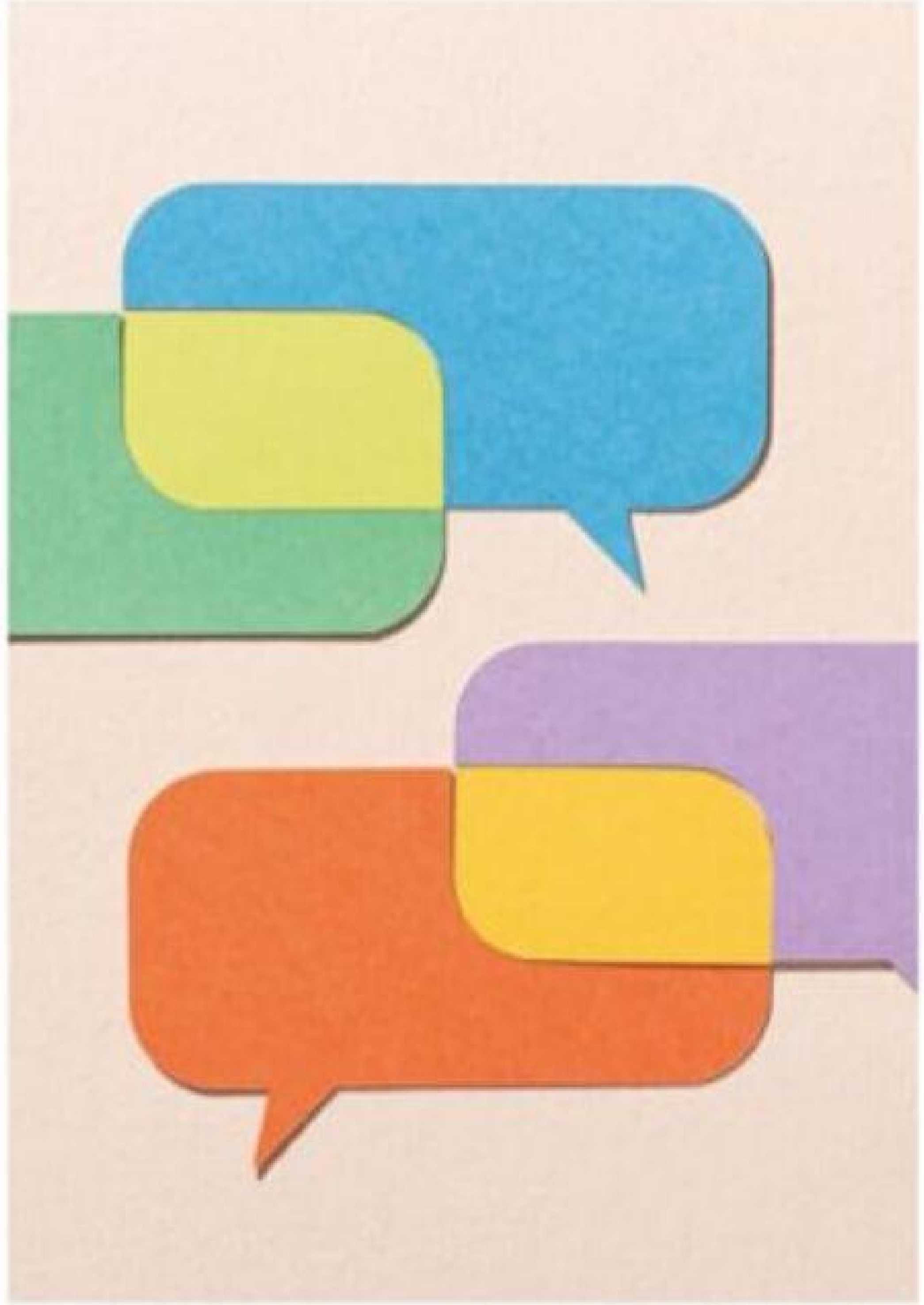
In short: Don't settle for low pay. Whether through your current role, a new job, or a gig on the side, every dollar you earn can add up to significantly more retirement savings later, so make sure to capitalize on that when you can.

Don't settle for a low salary: Each dollar earned adds up to a better retirement later.

HOW TO GET A RAISE

Strategic salary negotiations often begin with understanding the importance of perfect timing. Broach the topic when your value to your company is most visible, such as after a big project success or during a scheduled performance review (if your performance was great). Your accomplishments should be fresh in your employer's mind, so they understand the important contributions you've made to the organization. And do some exhaustive research to know your worth. Gather extensive data on industry salary standards and assess the financial health and pay structure of your company. Utilize sites like Payscale or the U.S. Bureau of Labor Statistics for comparative analytics and arm yourself with this information to back your claim.

Mastering negotiation tactics involves reading the room and using emotional intelligence. Be observant of non-verbal cues and be prepared to steer the conversation accordingly. A blend of assertiveness and humility can work wonders—articulate your request confidently while acknowledging team efforts and company constraints. Remember to not be confrontational and listen actively during the negotiation process. This conveys respect and helps in understanding the employer's position, so they're more motivated to find common ground. If you meet resistance, be open to creative compensation forms like bonuses, additional vacation days, or professional development opportunities that may still have a high value.



The Joy of Clearing Debt

The best path to climbing out of any financial hole you might find yourself in

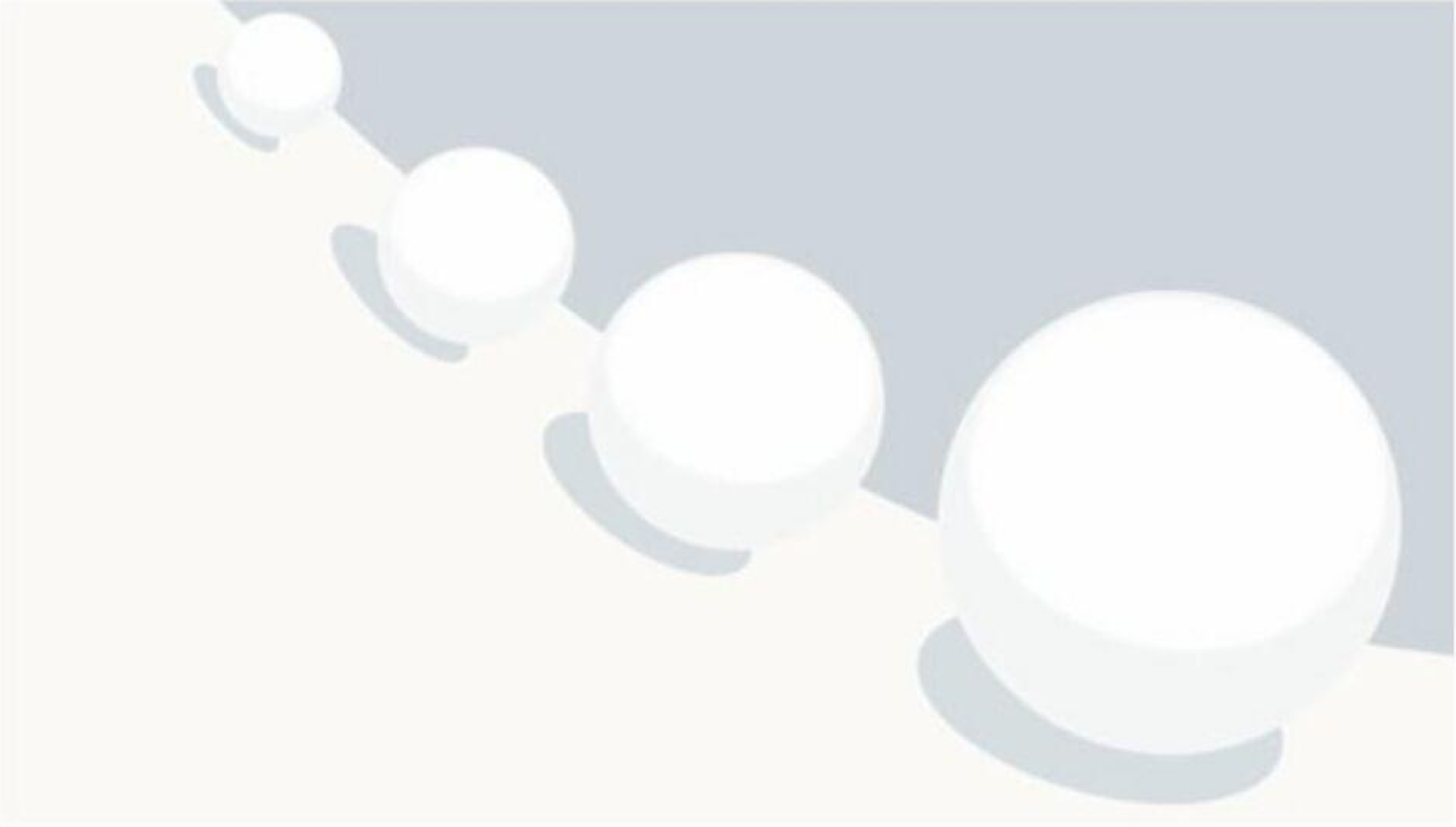
When it comes to managing finances, few challenges cause as much stress and anxiety as sitting on unpaid debt. Whether it's student loans, credit card balances, or personal loans, the weight of debt can feel suffocating. But with a clear plan and proactive approach, you can tackle your debt and experience the liberating joy of becoming debt-free.

ORGANIZATION AND REPAYMENT STRATEGIES

There's immense joy to be found in clearing debt—the satisfaction of finally having control over all of your money again. If there's one thing to keep in mind before delving into repayment, though, it's that organization is key. Start by compiling a detailed list of what you owe, including the lender names, balances, interest rates, and minimum monthly payments. This overview will help you clarify your situation and determine which debts to prioritize. For paying it off, here are some options for repayment strategies that can positively impact your long-term financial health and retirement savings.

THE AVALANCHE METHOD With this strategy you prioritize paying off debts based on their interest rates. You focus on clearing the highest-interest debt first, while still making the minimum payments on your other debts. Once the first debt is paid off, you move on to the next highest-interest one until all debts are settled. This approach saves money on interest payments in the long term compared to other methods. It may speed up the debt repayment process for some, but it requires discipline and consistency in making extra payments towards the highest-interest debt.

THE SNOWBALL METHOD Here, you pay off your smallest debts first, regardless of interest rate (while still making the minimum payments on your other debts). Once the smallest one is paid, transfer the amount you were paying on that debt to the next smallest one, creating a



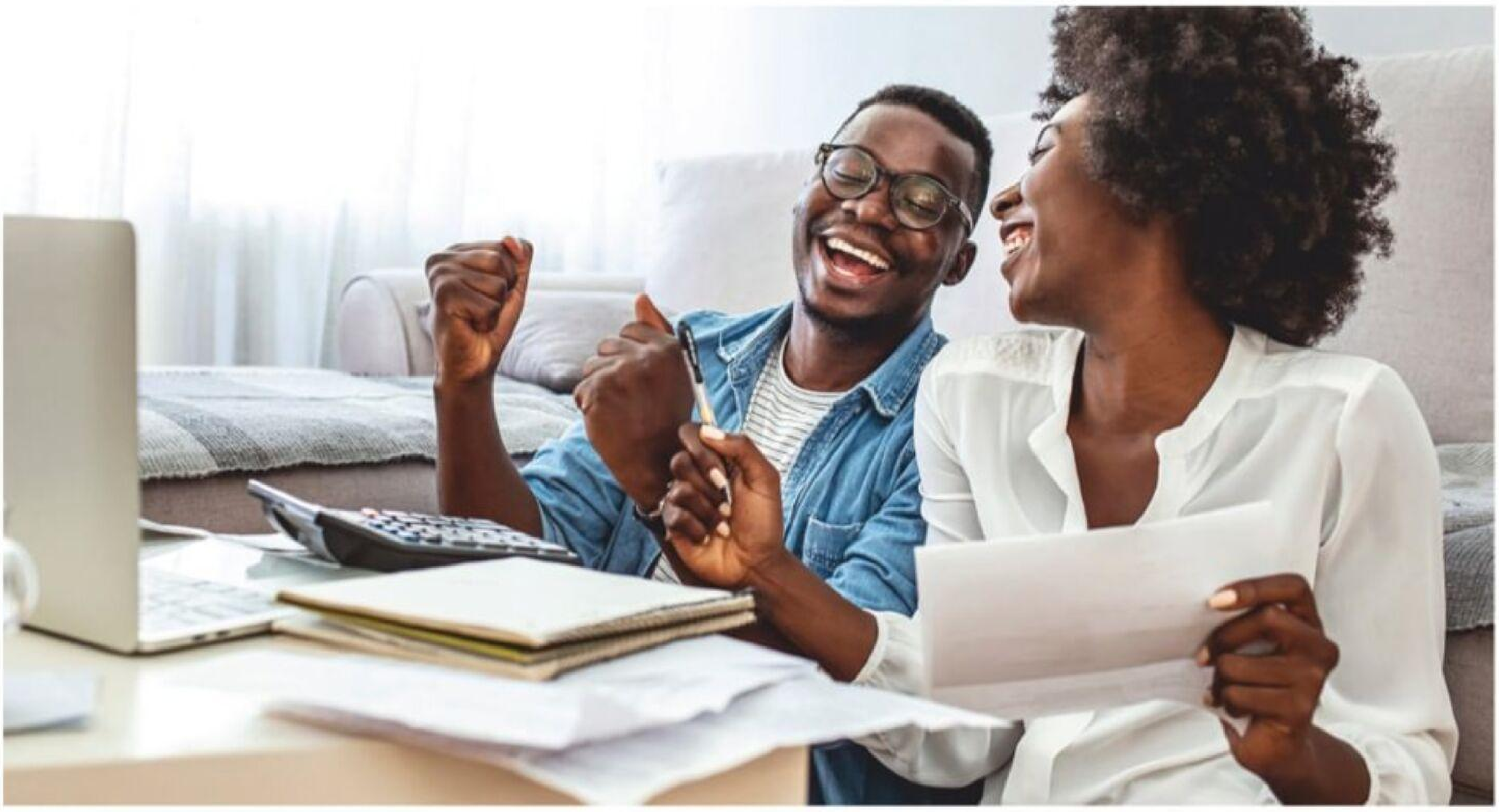
"snowball" effect as you eliminate each debt until you're completely free of all debts. "The snowball method, while perhaps not as mathematically effective, can have significant behavioral value in that there is a strong sense of reward to paying a debt in full and reducing the number of outstanding debts," explains David W. Barnett, an investment advisor and owner of investment advisory firm Grand Arbor Advisors. These psychological wins add up, and increase your motivation over time, providing individuals who might be paralyzed by getting started a way to watch their debts effectively disappear, one after another.

THE RISING TIDE METHOD Paying just the minimum across your debts each month can turn short-term debt into a lifelong burden. Instead, you need to be as aggressive as you can within the constraints of your budget. Once you've created a monthly budget that factors in all your income and expenses, allocate as much as humanly possible towards the principal of your high-interest debts (again, while making all your other minimum payments). Even small contributions above the minimum can shave years off your repayment timeline and save a fortune in interest payments.

LOAN CONSOLIDATION Picture having multiple different debts—a little here on a credit card, some there on a car loan, maybe a student loan or two. Loan consolidation is all about combining them into one single loan with one payment—it can be easier to manage and might even save you money, if the interest rate is lower. However, there are some things to keep in mind. "Even if you're eligible for a debt consolidation loan, you may not get a lower interest rate than what you're paying right now," according to personal finance expert Dori Zinn and loans and mortgage expert Jamie Young on *USA Today*. "If you can't get a lower interest rate, you'll end up paying more in interest, which means it might not be worth consolidating, if your goal is to save money." If you have to pay off smaller debts (like $1,000 on your credit card), this likely won't be the right choice for you—this method is for those who want to simplify their payments or take advantage of low rates. Beyond bundling, you can also try to negotiate with your creditor to adjust the terms—think lower monthly payments or extended payment periods—to better fit your current financial situation.

LOAN FORGIVENESS There are options for loan forgiveness that may be applicable, especially for federal student loans. Programs such as Public Service Loan Forgiveness (PSLF) or Income-Driven Repayment (IDR) plan forgiveness are good options for those who qualify based on their employment or income levels. Additionally, certain professions like teaching or military service may offer other loan forgiveness opportunities. It's important to research these options thoroughly, as they could wipe out some or all of your debt.

Allocating first funds to debts with the highest interest can save you significant interest.

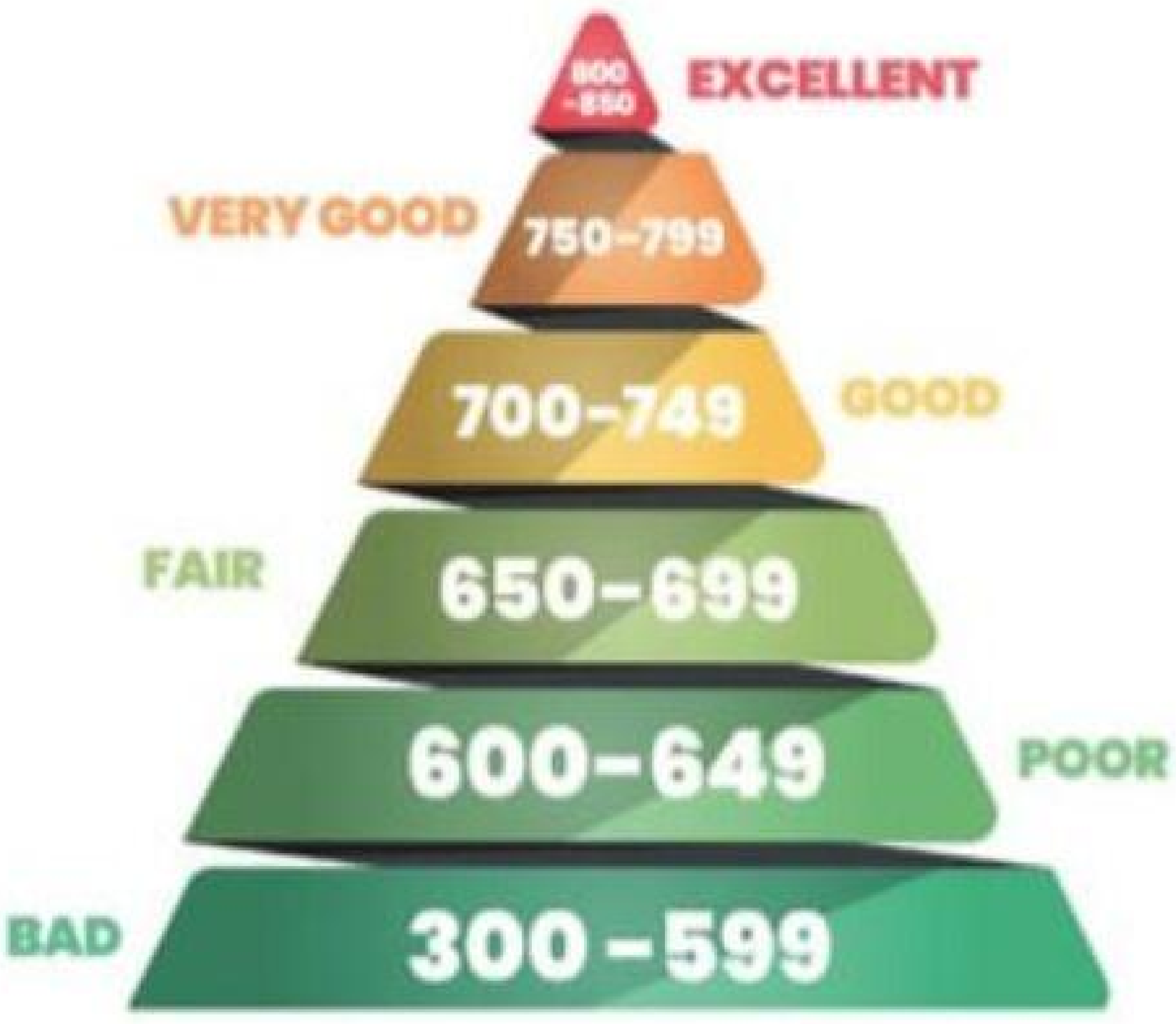


DEBT CONSOLIDATION
LOAN APPLICATION
OWING INFORMATION VERY CAREFULLY
R MORE INFORMATION CONTACT:

OPTIMIZING YOUR CREDIT SCORE

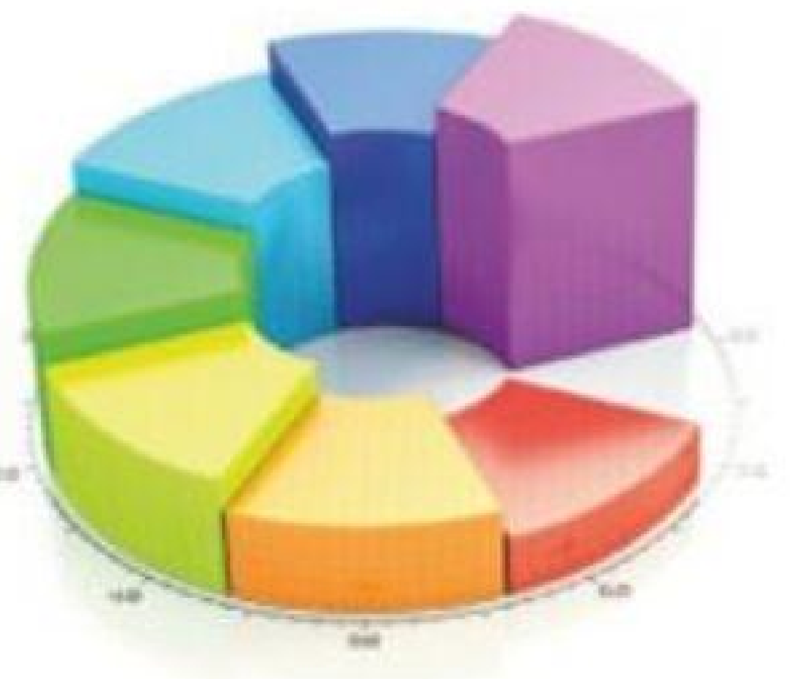
Having a good credit score is like holding a VIP pass in the financial world. That three-digit number can open the door to lower interest rates when you borrow money for a mortgage, car loan, or personal loan, saving you thousands. But its influence doesn't end there: Landlords peek at your score to judge your tenant worthiness, and some employers consider it during hiring as a gauge of your responsibility.

Five critical elements mold your credit score: Your payment history (35%), amounts you owe (30%), length of your credit history (15%), any new credit (10%), and types of credit you've used (10%). That means about two thirds of your score reflects your timely payments and how much debt you're juggling compared to your total credit limit. It also pays to keep old accounts open, to lengthen your credit age, apply for new credit sparingly, and diversify your credit types with a mix of loans and cards. Building or boosting your score means always paying your bills before deadlines, chipping away at existing debt, avoiding maxing out your cards, and routinely checking your credit reports for errors. Make these disciplined moves and you, too, can raise your credit score.



HOW TO SET BUDGETS THAT ACTUALLY WORK

Money has sneaky ways of escaping your grasp. Here’s how to stay on target



The journey to future financial independence begins with a plan for limiting your spending, with a proper budget and maybe—just maybe—some lifestyle changes. Every dollar you spend is a dollar you aren't saving, and a dollar that can't grow over time. Stack up enough of these lost opportunities and it can have a significant impact on your future financial health. In this section we'll explore some techniques for cost-effective living, such as mastering elementary home repairs or vehicle upkeep, and other ways to keep costs down. Life is fun, but everything costs money—and you have to prioritize competing costs as you go, so there's money for everything you need along life's long, expensive journey. The expert advice on the following pages will help you set budgets you can keep.

Embracing Frugal Living

Get creative, so you can spend within your means and make the most of what you've got

Day in and day out we find ourselves getting bombarded with ads for just-released "must-haves," and social media influencers raving about new test products or experiences that will surely change our lives. In reality, we're simply being sold on impulse spending designed to shake every last dime out of your pockets. There's a better way.

TAKE A WALK ON THE MILD SIDE

This world presents a nonstop parade of things to spend your money on, and we all waste a lot more money than we should, each and every day. But think about it like this: Every dollar you spend today is ten dollars stolen out of your retirement account. Having a positive balance in your Venmo account doesn't really mean you can afford that trinket at the street fair: That money would be better spent paying down debt, or investing in your future. Through this lens, frugality is less about pinching pennies and more about making small sacrifices today to reap big benefits later. Cultivating the habit of spending less—embracing frugality—doesn't mean you have to sacrifice your quality of life. In fact, it's quite the opposite. The less you spend on things you don't actually need, the sooner your finances will improve, and the less financially stressed you'll be. Sure, you still have to spend money on the things you actually need. But how resourceful can you be with everything else? Some examples:

RENTING Instead of purchasing items outright, consider renting them when you can. This could include things like formal attire for special occasions, tools for DIY projects, or even recreational equipment like bikes or kayaks for occasional outings. Instead of buying a fancy dress you'll only use a few times, rent one from Nuuly or Rent The Runway for a lot less...and keep the difference.

BORROWING If you only need an item for a short period, consider borrowing it from friends, family, or neighbors. Examples could include books, kitchen appliances, or even larger items like ladders or folding chairs for a party.

HAND-ME-DOWNS Especially for items you won't need forever—children's clothing, toys, baby gear—hand-me-downs can be a cost-effective way to meet your needs. Mother Claire Lawrence sobbed upon receiving five big garbage bags of clothes for her baby from a new friend. "The money savings was incalculable, and the idea that someone else had been on this road before me was like a comforting hug of pre-loved cotton," she explains on Today's Parent.

DIY AND UPCYCLING Get creative and repurpose or upcycle items you already have (or those you find secondhand). With a bit of ingenuity and some basic DIY skills, you can transform old or outdated items—and save the money a replacement item would cost.

COMMUNITY RESOURCES Many communities have resources available for borrowing or sharing items among residents. This could include tool libraries, community gardens, or even toy exchanges. Check out what's available in your area to make the most of these communal resources and pocket the difference.

USE PUBLIC TRANSIT OR BIKE If your family has two cars, consider dialing back to one, and using public transportation or rideshare services for when you're going different places, saving money on fuel, maintenance, and insurance. "A household can save more than $13,000 by taking public transportation and living with one less car," reports the American Public Transportation Association. A bicycle might work for short distances or quick errands, too.

MAKE YOUR HOME ENERGY EFFICIENT Transforming your living space into a model of energy efficiency lowers utility bills while reducing your environmental footprint. Install LED bulbs to lower electricity use, upgrade to more efficient windows and appliances, and program your thermostat to drop a few degrees at night to maintain comfort levels while reducing unnecessary energy usage.

UTILIZE LIBRARY AND COMMUNITY CENTER RESOURCES Public libraries are a trove of knowledge and entertainment. Instead of purchasing books, movies, or music, borrow them from the library instead—it saves money and encourages you to explore new interests. Libraries often also host free community events such as workshops, lectures, and movie screenings, providing enriching experiences at no cost.

SHOP SECONDHAND This is a surefire way to find some hidden gems. Thrift stores, consignment shops, and online marketplaces offer a plethora of gently used clothing, furniture, and household items at a fraction of their original cost. Exploring yard and garage sales and local flea markets can unveil remarkable bargains as well. In 2022, data analysis from online marketplace OfferUp (in collaboration with data analytics and consulting company GlobalData) showed that 272 million Americans (82% of the population) engage in the buying or selling of second-hand items.

A 24-hour rule before making purchases gives emotions time to fall, and logic time to rise.

THE ART OF DELAYED GRATIFICATION

Embracing delayed gratification can seem like a herculean feat in a world wired for instant satisfaction. Yet, psychology reveals it as a superpower for financial stability and emotional well-being. By deferring immediate pleasures, you help forge a future secured with appreciating assets and peace of mind. The key lies in perceiving delayed gratification not as denial but as a strategic investment. Financial rewards blossom when you divert funds from fleeting joys to robust retirement plans—the compound interest from an early savings account or an IRA contributes to a lush financial landscape you'll roam in your twilight years.

To tame the impulse-buy beast, start by creating a budget that includes savings for retirement and stick to it religiously. You can even automate your savings to eliminate the temptation altogether. Begin questioning necessity versus desire—adopt a 24-hour rule for purchases, giving emotions time to settle and logic time to rise. "Write a list of goals you have for your money and put them somewhere you'll see them daily," suggests Lance Cothern, a certified public accountant, on his blog Money Manifesto. "Better yet, announce your goals to someone close to you that can help to keep you accountable." Remember, however, to reward yourself occasionally for sticking to the plan, as reasonable treats can motivate continued self-discipline.

Limiting Leisure Spending

Changing up your habits to have more fun for less money piles up future savings

The consumerist world we live in says otherwise, but reveling in simple joys is deeply emotionally gratifying, and can seriously bolster your finances. In finance terms, our leisure time costs are "discretionary spending," meaning they're not fixed costs we have to pay, like rent. We only *act* like we have to door-deliver our meals, drink expensive coffee-to-go extravaganzas, and rent movies whenever the mood takes us. But by making small lifestyle adjustments that accumulate over time, we can gradually improve our financial health for retirement. It's easier than you think...and it comes with its own emotional rewards.

REDUCE YOUR OUTSIDE EATS

Going out to eat at a favorite restaurant is one of life's sweetest spoils. But frequent dining out can rapidly deplete your wallet, ballooning your monthly food budget. (According to the U.S. Bureau of Labor Statistics, the average American household spent $3,639 eating out in 2022.) The alternatives: Go out less, eat at lower-cost places, or embrace the art of cooking at home. Doing so can save you hundreds each month, but you also gain control over your ingredients and portions and learn a valuable skill that's both entertaining and rewarding. Don't underestimate the power of a home-grown vegetable or fruit garden, either. If you have the space, starting a small plot can be surprisingly affordable and can save you a significant amount on groceries. A small garden can provide hundreds of pounds of fresh produce each year—which would be worth hundreds at the grocery store. All you need are seeds and a little soil, water, and some mindful maintenance hours. "Seeds are still a great deal," says Marie Iannotti, an avid gardener and author, on the personal finance platform The Penny Hoarder. "Since you usually get more than you can use, why not set up a seed exchange with your gardening friends?" Your body, your neighborhood, and your bank account will thank you.

EXAMINE YOUR OPTIONS FOR LOW-COST OR FREE FUN

Entertainment is another area where costs can be trimmed without compromising on fun. Socializing with friends at movies or concerts can quickly become expensive outings. To reduce these costs, look for free or low-cost alternatives. Parks often have free concerts and events, art galleries may offer free admission days, and community groups might host gatherings where you can enjoy social interaction without the door charges. Instead of an expensive night at the movies, consider hosting a movie or game night at home with close friends. Small adjustments can seriously save on discretionary spending.

BECOME A SMART AND SAVVY EXPLORER

For travel lovers, the wanderlust doesn't have to be sidelined—you just need to plan smarter. Travel during off-peak seasons when airfare and accommodations are less expensive, or embrace the idea of being a tourist in your own city and find those hidden gems right under your nose. If overseas trips are non-negotiable for you, look into travel hacking strategies such as utilizing credit card points and airline miles for free flights or hotel stays. Alternatively, consider staying in vacation rentals or budget-friendly hotels instead of splurging on a fancy resort. Friends can lower costs further still. "Spend no money on accommodations," suggests Travel Channel host Samantha Brown. "Think of house swapping or housesitting—you can stay all over the world for free."

NIX THE FANCY BEANS

It's time to talk about coffee, the elixir of life. A daily cup from your local barista might seem like an inconsequential treat, but this small but frequent habit can easily leach hundreds from your savings each year. Assuming an average cost of $4 per coffee, five days a week adds up to over $1,000 annually on this single item. Instead, invest in a dependable coffee machine and buy beans—good beans!—in bulk to reduce this expense to pennies per cup. Over the course of a year of brewing at home, the savings could amount to an additional month's rent or a nice boost for your retirement savings.

ENJOY HOBBIES THAT DON'T BREAK THE BANK

Hobbies are intensely personal, deeply enjoyable, and hard to change—but their costs can pile up over time, effectively

To reduce spending, choose low-cost activities like parks, galleries, or home movie nights.

putting an upper limit on your future. Sports like golf or skiing can incur expensive equipment, travel, or membership fees, for example; consider less costly or free alternatives like running or hiking in nearby parks, or joining a community soccer league. If you absolutely must indulge in a hobby that costs a lot, at least be smart about it. "After paying for all your necessary expenses and after saving for the future in line with your goals, spend anything that's left over on activities you enjoy," suggests personal finance blogger Luke Landes. "That may be 1% of your income or 10%, but as long as you're not putting your future in jeopardy, you need to enjoy the time you have." Consider spending more time with hobbies such as drawing, writing, or playing a musical instrument that require minimal investment once initial supplies are purchased. $

SAVVY SUBSCRIPTION MANAGEMENT

In the quest for financial freedom, one modern pitfall to avoid is the spawning of unchecked streaming subscriptions as recurring expenses. This cumulative load of small monthly charges can go unnoticed, slowly deflating your finances—so take command. Set aside some focused time to audit your subscriptions meticulously; it shouldn't take more than two hours or so. Rally your bank statements, credit card bills, and app subscriptions, and scrutinize them, so you can discover your actual streaming spending patterns.

Looking at each service's *annual* expense (not its deceptively low *monthly* cost), question each service's value in your life. Does this subscription fuel a hobby, bolster your career, or represent an indulgence? If the joy a service brings isn't worth its drain on your finances, that one's ripe for cancellation—do it now, while you're thinking about it. The goal here is mindful spending, ensuring that each subscription underpins something valuable rather than merely persisting as a habit. When done, you should have a clearer picture of your outgoing expenses, and you'll gain the satisfaction of having potentially freed up resources to pay down debt or invest for retirement.

Reducing Your People Costs

Experts are expensive! But with modern tools, you can develop your own skill set

We all want our later years to be filled with travel, relaxation, and hobbies. But how do you get there when money is always tight? One hack is by learning valuable DIY skills so you can cover expert costs yourself. This could save you money on repairmen, but also has the potential to turn into a profitable side business if you can charge others for leveraging your newfound skills.

SAVE MORE BY BEING YOUR OWN HANDYMAN

One powerful approach to saving money is by acquiring practical money-saving skills such as basic home repairs or car maintenance. The former can include simple tasks like fixing a leaky faucet, patching drywall, or unclogging drains, which can be done with a little know-how and a YouTube video or two. You'll save money by doing things yourself rather than paying others to do them for you: Hiring a plumber to fix a leaking tap could cost $350 or even more, depending on your region, while DIY repair kits can cost less than $20. Resources are abundant—utilize online tutorials or ask a knowledgeable friend for a crash course. Over time, these minor fixes can add up to significant savings. And when you become adept at handling common household issues yourself, you can prevent small problems from escalating into costly emergencies. However, don't jump into major endeavors—start small. "Never forget how important small successes are, because they will give you the confidence to try the next thing," highlights Ian Anderson, a carpenter, handyman, and author of *How to be Handy*, on the lifestyle blog Apartment Therapy. And stay away from dangerous work like major plumbing and most

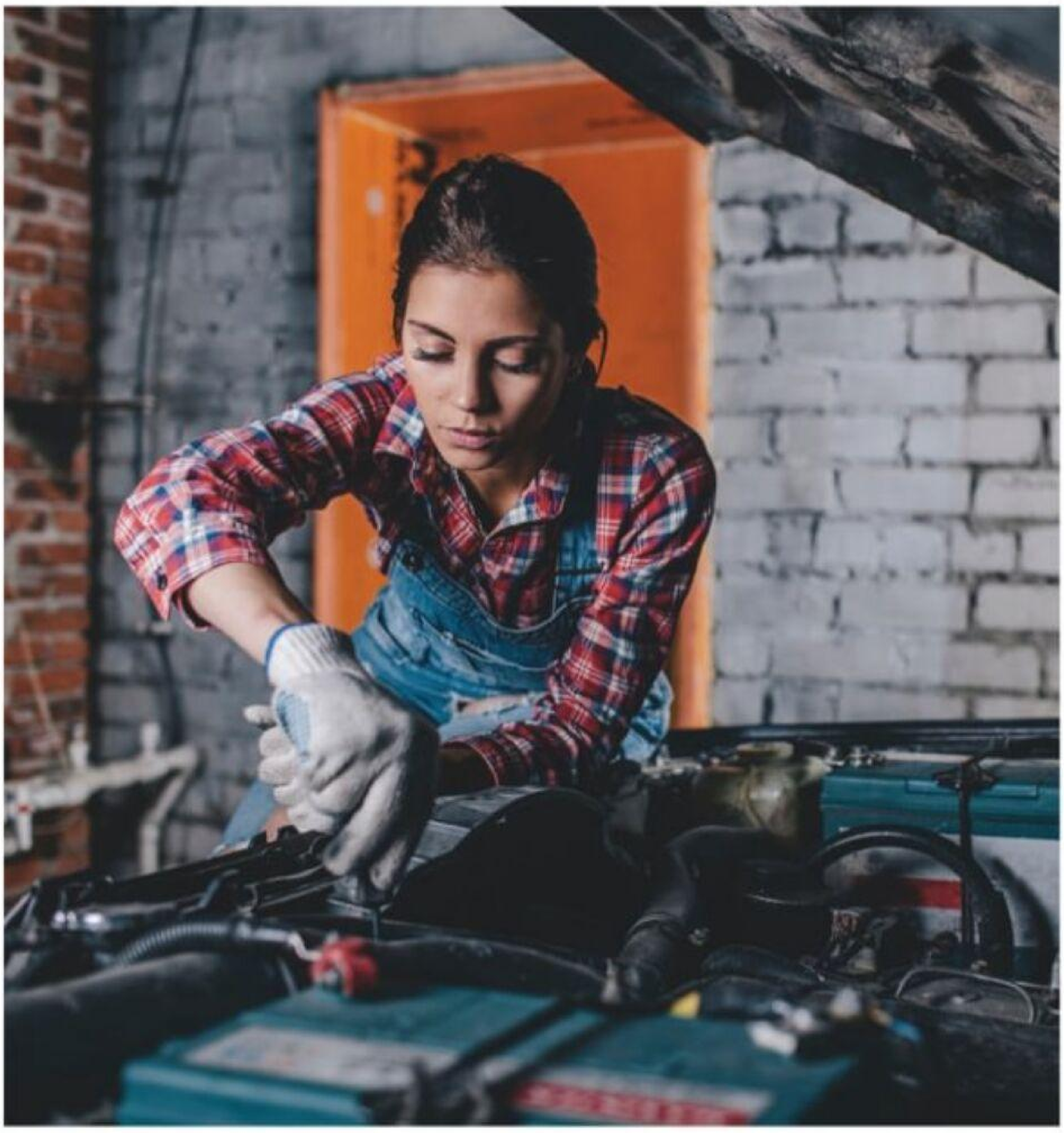
electrical—leave that to the trained experts who have all the right tools and knowledge.

Car repair is an area that's particularly ripe for savings. Replacing windshield wipers, headlight bulbs, or taillight bulbs are easy. And changing engine oil and air filters or rotating tires might seem daunting at first glance, but these are relatively straightforward jobs once you've done them a couple of times. Don't attempt repairs that'll risk putting you in harm's way or will pose a driving hazard if done the wrong way. "You should always bring your car to a dealer for recall work and any issue with the safety systems, including airbag and seatbelt repair," notes Ryan Pszczolkowski of Consumer Reports. "This is because of the ever-increasing complexity of the hardware and software." While staying safe, learning skills within your reach can minimize your visits to the auto shop where labor costs can exceed the price of parts by a substantial margin. Developing these capabilities, in both home and car repair, also has an indirect effect—it leads to an increased understanding of when a professional is actually necessary, enabling you to make informed decisions about the cost-effectiveness of services offered.

Once you have these money-saving skills, why not earn some cash with them, too?

DO MORE THAN SAVE: EARN ON THE SIDE

If you invest in acquiring some skills that can save you money, why not earn some extra cash with them, too? Platforms such as Handy or TaskRabbit connect skilled individuals with locals in need of services—from furniture assembly to performing minor household repairs. A weekend spent doing small jobs can quickly add up to a sizeable contribution to an IRA or 401(k). Having the ability to reinvent yourself as a service provider can be both fun and profitable, and diversifying your income sources helps build resilience against economic downturns and unpredictable job markets.



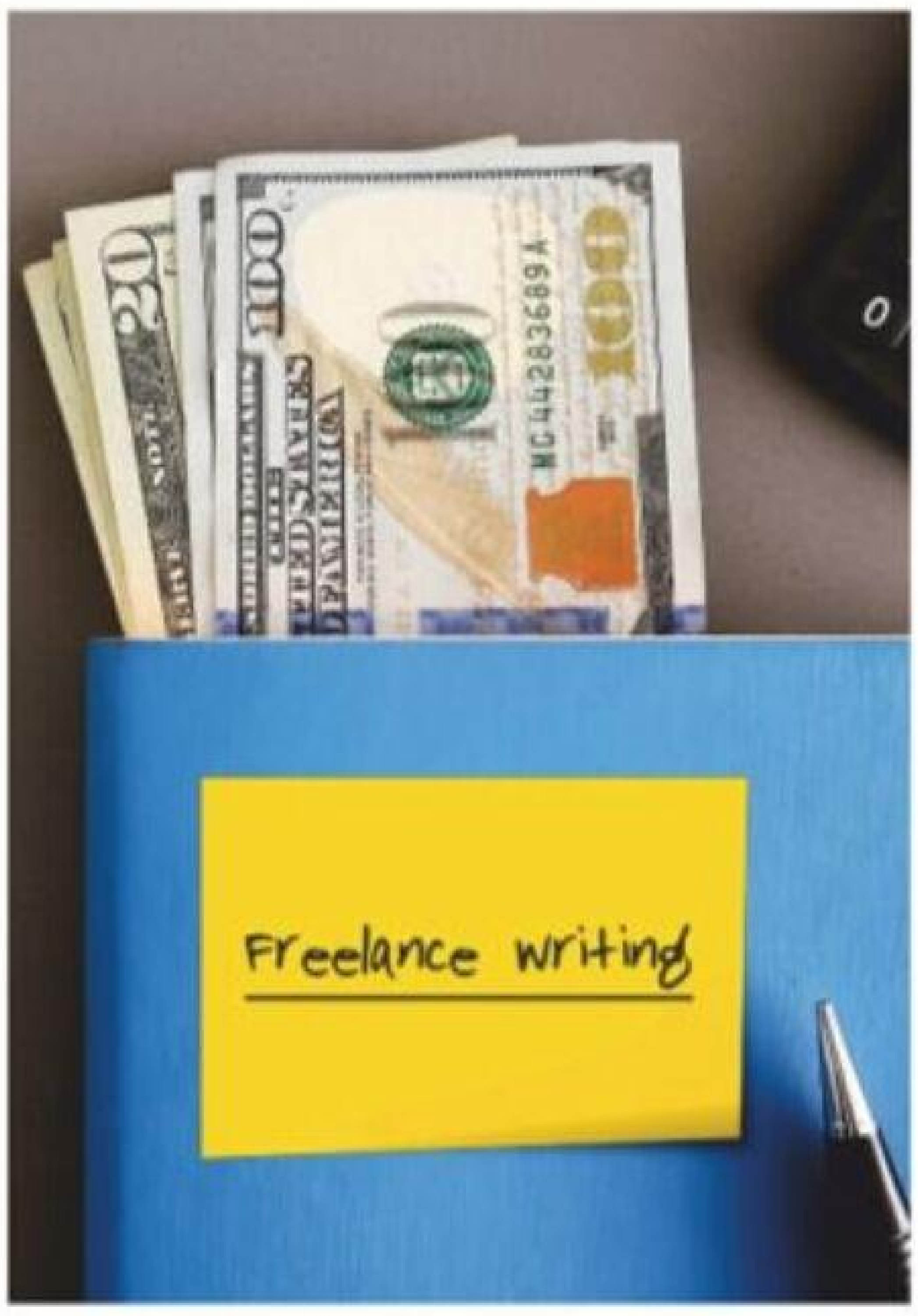
Manual labor doesn't have to be the only path to side-hustle success: The internet holds myriad opportunities for leveraging digital skills as well. Social media management, for instance, is something almost anyone with an online presence already does on some level. A little education about marketing strategies could transform this everyday activity into a paying side job managing accounts for local businesses or startups. Other skills that have great potential for side income include teaching music, coaching softball, fitness or yoga instruction, pet-sitting, or even becoming a personal chef, if cooking is your forte.

Molly Wheatley, a teacher turned online tutor, began making $1,000 a month on the side, turned the side-hustle into a tutoring business, and never looked back. "I don't worry about money like I used to, and it's all thanks to creating an online tutoring business that allowed me to work on my own terms and create more financial freedom than I ever thought possible," explains Wheatley on her blog. Some of these ventures require a low initial investment but offer flexibility as well as appealing hourly rates. But if you can leverage current hobbies or passions into money-making endeavors that don't feel like work, then they're really just an extension of your leisure activities. And these side hustles can sometimes bear enough fruit to fund your retirement properly. $

STARTING A SIDE HUSTLE LLC

Once your side hustle becomes financially significant, it might be time to consider establishing a limited liability company (LLC). Transitioning your venture to an LLC can be a smart move, particularly when the potential tax benefits outweigh the initial costs of establishing the business. Costs to set up an LLC can vary, but typically run around $1,000 per year through one of many online services like CorpNet or LegalZoom. The IRS plays nicely with LLCs, offering tax deductions and advantages. Freelancers can deduct business expenses like home office space, internet costs, and travel expenses directly from their business income (with or without an LLC). A pass-through taxation feature also becomes beneficial: Profits are only taxed once at your personal income rate, avoiding corporate tax rates.

The decision to form an LLC should hinge on financial analysis. Calculate the upfront costs—state filing fees, legal fees (if you hire an attorney), and any mandatory ongoing expenses like annual reports or franchise taxes. Now compare those to the money you'd save through tax deductions and credits exclusively available to LLCs. If the math indicates savings, incorporating as an LLC will not only offer tax advantages but also protect personal assets from business liabilities—a strong incentive for entrepreneurs to take their side hustles to the next level.



Prioritizing Competing Costs

Should you be saving for retirement now, or kids' college? The smart way to sort it all out

For many families, the financial tug-of-war between saving for retirement and funding higher education can feel like an insurmountable challenge. With college tuition soaring and the importance of a secure retirement undisputed, how should cash-strapped parents prioritize what little savings they have? Read on for the experts' advice.

THE RETIREMENT AND EDUCATION SAVINGS BALANCING ACT

First, understanding the benefits of prioritizing one saving goal over the other can be pivotal. By focusing on retirement savings, you take advantage of time and compound interest—two factors that can significantly contribute to the growth of your investments. A retirement savings focus means you can secure your financial independence later, as your earning potential wanes or disappears. Prioritizing retirement could also mean you're less likely to be financially dependent on your children later in life. On the other hand, dedicating funds to your child's education can significantly impact their future, reducing or eliminating the need for your children to take out student loans and freeing them from future debt burdens. So which do you turn your attention towards? "The goal would be to determine an amount you can save from your income, focus on getting a larger portion into retirement savings, and then allocate some to education," explains Brian Spinelli, a financial planner and investment fiduciary. "You can also make use of bonuses and gifts to save into education as they come along."

EDUCATION PLANS AND CREDITS

If it seems like an impossible puzzle to solve, there's a wild card that can help you simultaneously manage saving for education and retirement: tax benefits. Start by establishing clear financial

goals for both objectives—what you think you'll need, and in what year—and work backward to determine your monthly savings needs. This strategic planning, coupled with tax-savings tools at your disposal, can make a big difference. 529 plans, for example, are tax-advantaged savings plans meant to be used for education costs. Contributions grow tax-free and can be withdrawn without taxes when used for qualified educational expenses. 529 plans can be an excellent way to save for your child's college fund because they allow your investment to compound over time, increasing the value of your initial contribution without any tax penalty.

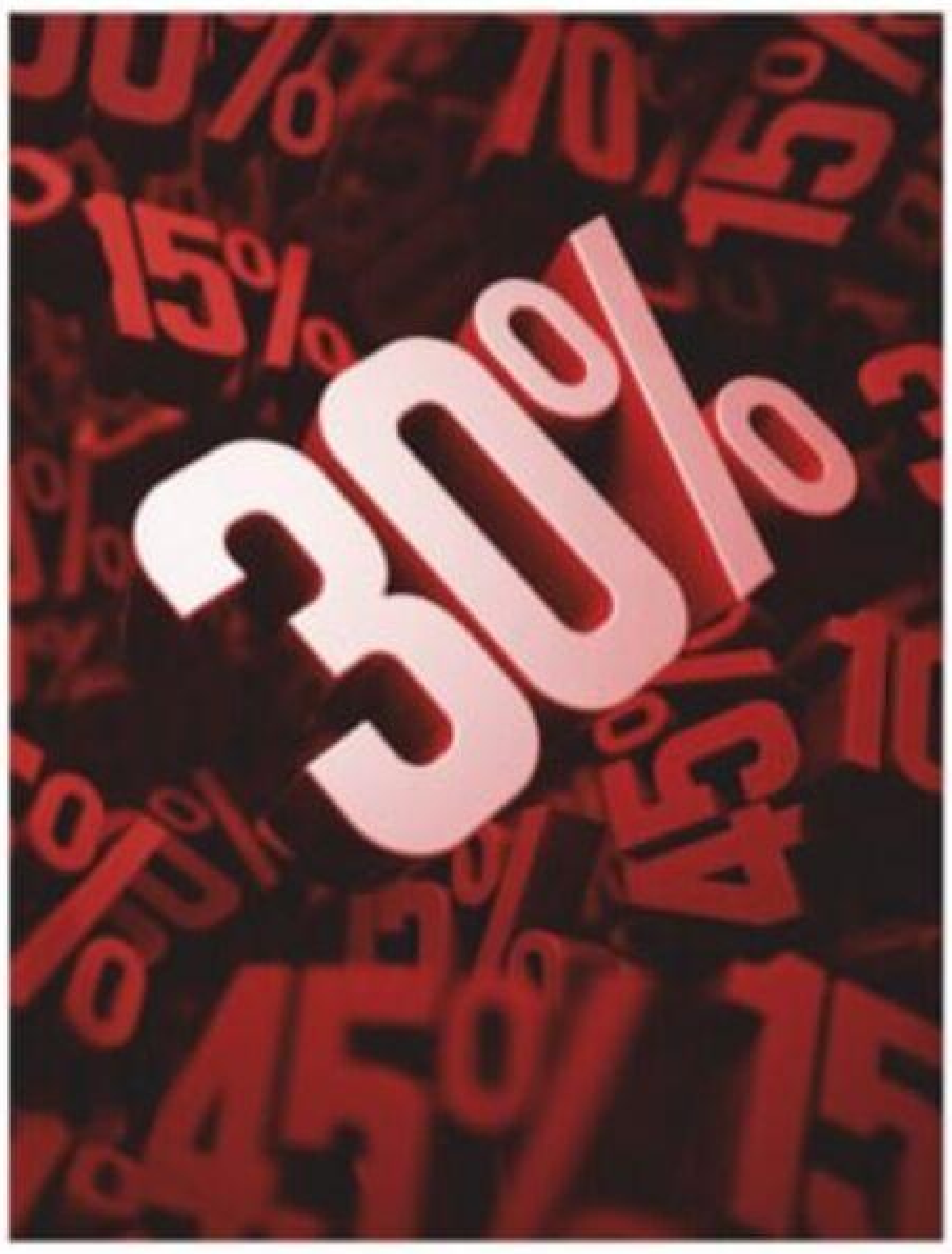
You may also be able to take advantage of the American Opportunity Tax Credit—a financial aid credit designed to help students afford their first four years of higher education. To be eligible, students must be working toward a degree or credential and enrolled at least half-time. The AOTC allows an annual credit of $2,500 for some qualified expenses such as tuition, school fees, and course materials. Another plan called the Lifetime Learning Credit (LLC) can cover qualified expenses (tuition and otherwise) for eligible students. You can claim the LLC for as many years as you're eligible, across various levels of schooling (undergraduate, graduate, professional degrees, and courses to acquire or improve job skills). The LLC can cover up to 20% of the first $10,000 spent on qualified higher education expenses per tax year (or a maximum of $2,000 per return).

FINANCIAL AID STRATEGIES YOU SHOULDN'T IGNORE

Exploring traditional financial aid strategies early is crucial for college cost planning. Many families mistakenly believe they won't qualify for aid (which includes grants, scholarships, work-study programs, and federal loans), however, most students can receive some form of assistance. In strategizing financial aid, always start with the Free Application for Federal Student Aid (FAFSA), which you'll need to submit in order to apply for federal aid (which often has comparatively low interest rates). For scholarships in particular, keep in mind that they're not solely based on financial need but also awarded based on interests, talents, or demographic characteristics. To optimize potential aid, understand how different savings vehicles affect the Expected Family Contribution (EFC)—the benchmark used by colleges to determine eligibility for federal student aid.

Through all of this, don't neglect your retirement savings in the process. "Although your parental instinct may be to take care of your child by paying for college, leaving yourself with debt in retirement is not ideal for you or your children," warns Alissa Krasner Maizes, an attorney and registered investment advisor. It's much like putting on your own oxygen mask on the plane before securing your child's. There are no scholarships for retirement; while students have access to scholarships and grants to fund their education, retirees don't have equivalent options to support their post-career years—it's all on you.

There are no scholarships for retirement—prioritize setting aside the money you'll need.

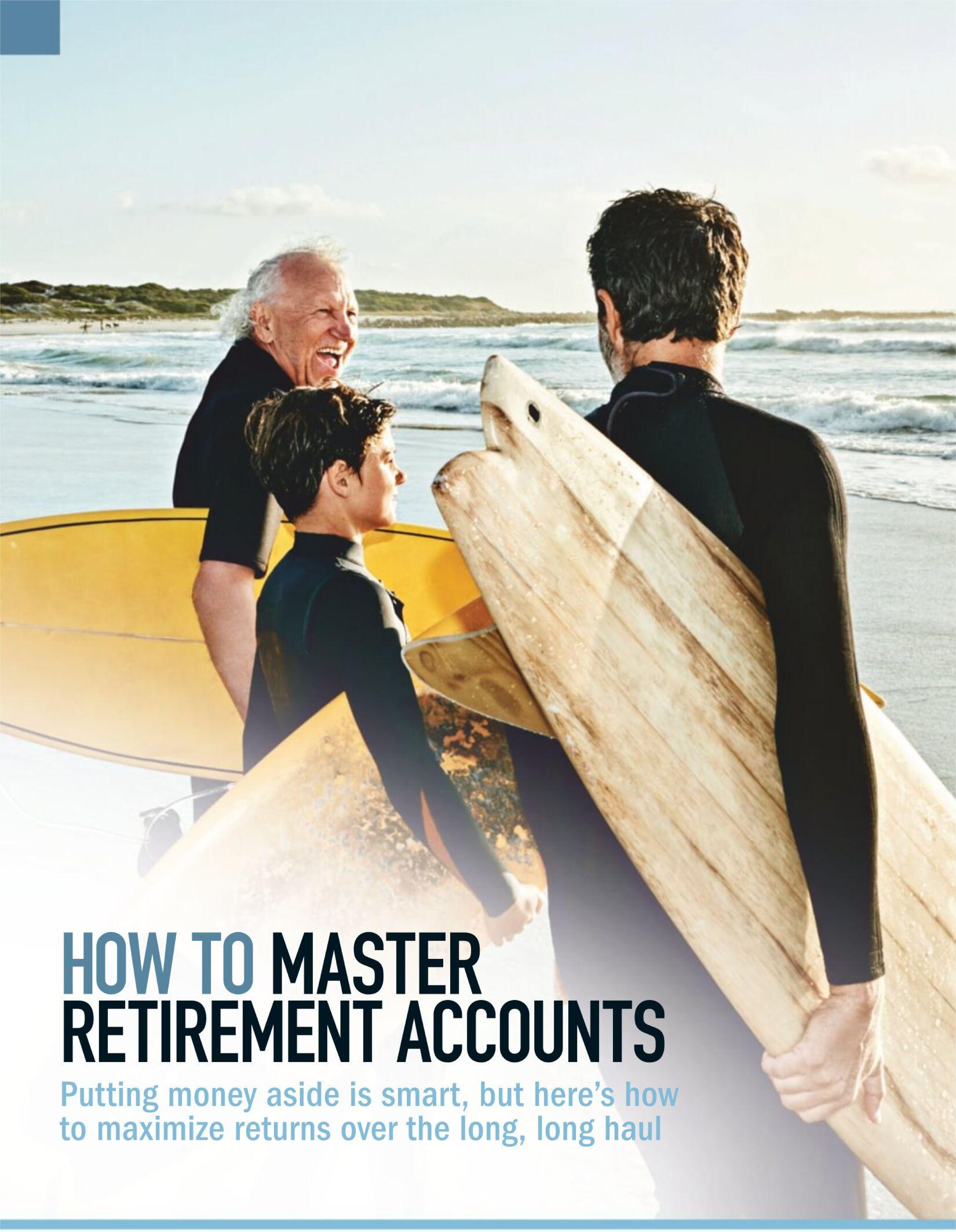


THE RULE OF 30

The Rule of 30, a financial concept introduced by actuary Fred Vettese, offers a guideline for determining the percentage of your gross or after-tax income to set aside each year for retirement. Instead of a one-size-fits-all approach, the Rule of 30 adapts to the various stages of an individual's life. According to Vettese, from the start, young couples should try to allocate 30% of their gross or after-tax income to retirement savings, daycare costs, and mortgage payments—though a bit less or more is fine, based on personal circumstances. As costs like daycare are paid off, those payments can transition into retirement savings.

For mid-lifers without children at home or mortgages to worry about, saving may naturally increase, and maybe even surpass the 30% mark. However, once you hit these milestones earlier in life, it's wise to continue saving at the same rate, since costs linked with raising children or housing typically decrease toward the end of your working life.

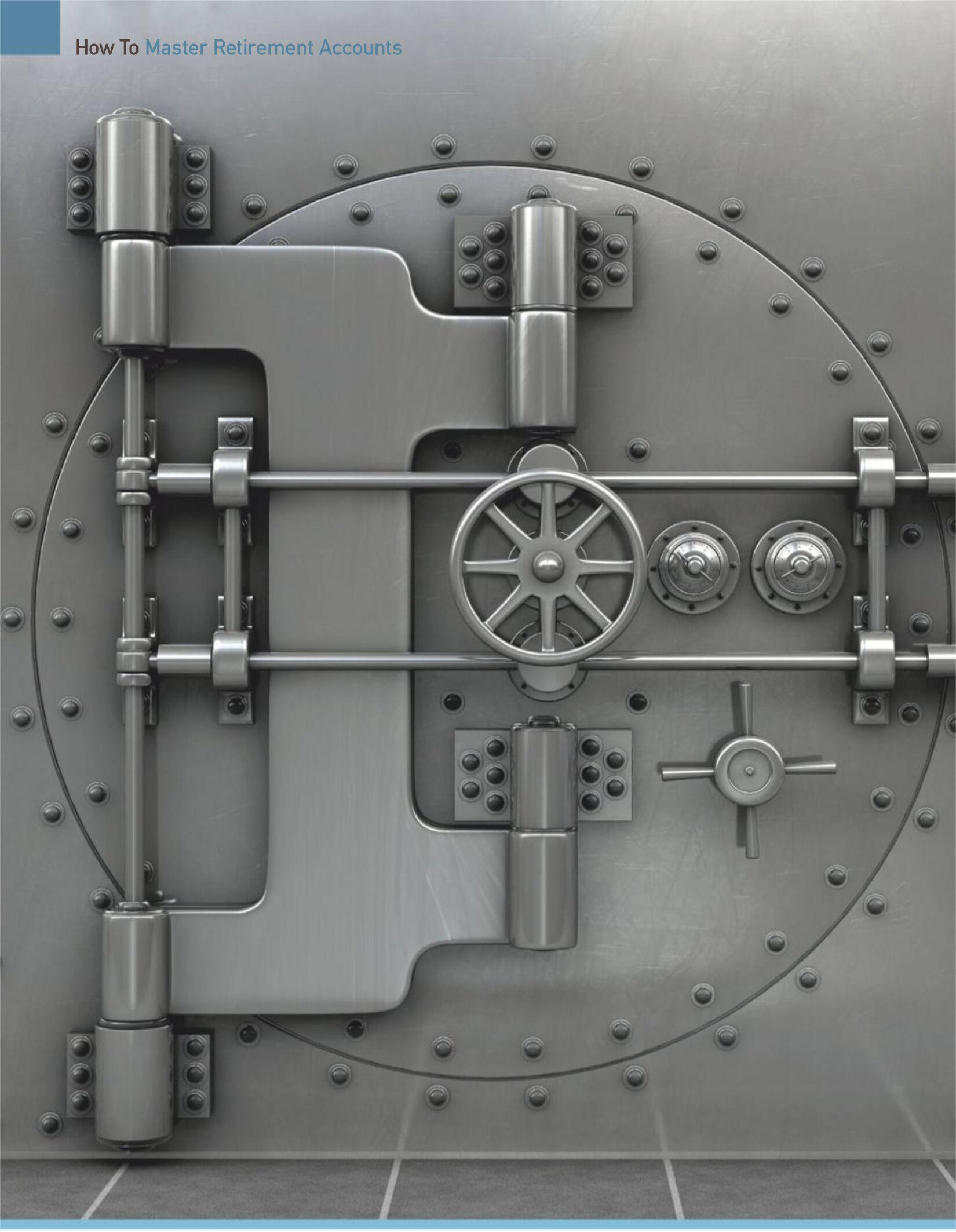
The Rule of 30 allows for flexibility and acknowledges that expenses fluctuate over one's lifetime. By adapting your savings accordingly, the rule sets you up to accumulate sufficient retirement funds while still covering critical costs during your prime earning years.



HOW TO MASTER RETIREMENT ACCOUNTS

Putting money aside is smart, but here's how to maximize returns over the long, long haul

There's saving money, and then there's *saving money*. Retirement accounts can let you invest money without paying taxes on it now—and those investments continue to grow in value, year after year, without being taxed until you take them out decades down the line. This is how, thanks to the power of compounding, even a small amount set aside now can become a small fortune by the time you hit your your golden years...or a large one. Read on to gain a deeper understanding of the options available to you, the tax advantages, and how contributions actually work, whether it's a high-yield savings account, an IRA or 401(k), or other account types you may never have heard of. Building wealth starts with making the smart decisions wealthy people do...this section will open the door.



Explore: Savings Accounts

A quick guide to understanding the value—and limitations—of savings accounts

Navigating the realm of personal finance can be perplexing—particularly the difference between saving and investing. This guide explains the distinctions, from the secure yet limited nature of savings accounts to the potentially lucrative (but definitely riskier) opportunities offered by investments, and how retirement figures into all of it.

SAVINGS ACCOUNTS VS. INVESTING

A savings account is your safety net. It offers short-term liquidity, ensuring that if you encounter unexpected expenses or find yourself jobless, there will be a cushion to fall back on. However safe and cushy that financial pillow might seem, it's not designed to grow wealth effectively. Interest rates on savings accounts are notoriously low. The average annual percentage yield (APY) on a savings account is 0.47%, according to the Federal Deposit Insurance Corporation (FDIC)—that's barely keeping pace with inflation, and over time, the money you keep in a savings account will lose purchasing power. Investing, on the other hand, involves purchasing assets such as stocks, bonds, or real estate with the expectation that their worth will grow over time. Unlike savings, investments may not be liquid. You can't always access this money at the drop of a hat without potential losses or penalties—especially if the market happens to be down when you need cash. However, historically speaking, investments have outperformed traditional savings accounts by a considerable margin over the long term.

When planning for retirement, many people believe that simply saving money in a bank account is enough. However, this is not normally the best strategy due to several key reasons. First and foremost, because traditional savings accounts offer very low interest rates, the purchasing power of your retirement savings could actually decrease rather than grow over time. Secondly, traditional savings accounts do not take advantage of potential tax benefits that are designed for retirement savings,

such as those associated with 401(k) plans and IRAs. By relying solely on a savings account, you may miss out on higher interest rates that some investments can provide. (Savings accounts offer some compounding interest, but often not as much as many investments.) This long-term growth is vital for a secure retirement as it helps to ensure you have enough funds to last throughout your non-working years. A diversified retirement plan that includes investment accounts can help mitigate longevity risk—the danger of outliving one's money.

THE MIDDLE GROUND

Why should your money potentially gather mere pennies every year in a savings account when it could be earning dollars elsewhere? The clear answer points toward risks—investing carries an inherent risk, whereas a savings account's stability is nearly ironclad. But for those not ready to plunge into full-fledged investing but who want better returns than typical saving accounts can provide, options like savings bonds and certificates of deposit (CDs) offer a middle ground. Savings bonds and CDs typically offer slightly higher interest rates than a standard savings account. Savings bonds are low-risk, government-backed securities that pay a fixed rate of interest. They're available in various denominations and can be purchased directly through the U.S. Treasury. CDs are timed deposits offered by credit unions and banks. You agree to leave your money in the account for a set period, usually for a few months up to a few years, in exchange for a slightly higher interest rate. The downside is that CDs are less liquid than savings accounts—you'll typically face penalties for early withdrawal.

AN IDEAL SAVINGS ACCOUNT BALANCE

Determining the right amount to save depends largely on your personal financial situation and goals. A widely accepted guideline for an emergency fund is to have enough money to cover three to six months of living expenses. This should be an accessible fund, separate from investments, which can be used in case of sudden job loss, urgent medical bills, or other unexpected expenses. To calculate the specific amount, list your necessary monthly costs including rent or mortgage, utilities, groceries, insurance premiums, and any other essential services. Multiply this by six to figure out your target savings goal. If you work in a volatile industry or are self-employed, aiming for nine to twelve months may offer more security. On the other hand, if you have a stable position and alternative safety nets like family support or a working spouse, you might be comfortable with a smaller fund. Remember that these savings should be liquid—preferably in a high-interest savings account—to allow quick access without penalties when needed. Consistency is key. "If this is an option for you, allocate part of your paycheck to go directly to a separate account that serves as your emergency fund," advises Meagan Dow, a chartered financial analyst and certified financial planner, on Fox Business. "Creating an easy, frictionless, automated option to build your emergency savings fund can help ensure you stay on track and not 'miss' the funds." Adjust as your income grows or living circumstances change to ensure your safety net remains in line with your economic reality.

Savings bonds and CDs usually offer higher interest rates than savings accounts.

INTRODUCING HSA ADVANTAGES

Health Savings Accounts (HSAs) are not just for current medical expenses; they're actually a savvy retirement strategy, too. Leveraging the triple tax-advantaged status of HSAs can significantly bolster your nest egg. Contributions are tax-deductible, reducing your taxable income. The funds grow tax-free, maximizing your investment potential. Additionally, withdrawals for qualified medical expenses are completely tax-exempt. But here's the kicker for retirees: at age 65, HSA funds can be withdrawn for any purpose without penalty. (However, keep in mind that non-medical withdrawals will then incur income taxes).

To optimize your HSA for retirement, think of it as a long-term investment, not just a savings account. Many HSA providers offer several investment options such as stocks, bonds, and mutual funds. The earlier you start and the more you contribute, up to the annual limit (which is $4,150 for individuals and $8,300 for families in 2024), the more you benefit from compounded growth. Don't touch that account for current medical bills, if possible. Instead, pay out-of-pocket and allow your HSA to grow as a robust tool for future health expenses or as a supplemental retirement fund. Remember to review investment options and adjust contributions as financial situations change, but consider an HSA a key player in your retirement playbook.

Explore: IRA Accounts

A retirement savings option open to nearly everyone, with tax-free growth potential

You may have heard the acronym IRA tossed around, or perhaps even begun to do some digging on your own. Before establishing one, it's essential to understand what an IRA is, how it works, and how it can help you secure your financial future.

An individual retirement account, or IRA, is essentially a savings account with big tax breaks (see the sidebar on page 53). An IRA itself is not an investment, but rather the place in which you keep assets like stocks, bonds, and mutual funds. IRAs are accounts that you usually set up independently (especially Roth IRAs or traditional IRAs), unlike 401(k)s which are often started by your employer. They're a way to save whether you have a workplace retirement plan or not, and are typically managed by finance professionals on your behalf. You can use IRAs to purchase stocks, bonds, ETFs, and other investments—your growth isn't limited to what your company offers in its 401(k). The beauty of IRAs is their accessibility; virtually anyone with earned income can contribute, regardless of age. Whether you're a full-time employee, self-employed, or even a non-working spouse, there's likely an IRA option for you. Using an IRA effectively, however, means understanding that it's a marathon rather than a sprint. You should contribute consistently for years on end, taking advantage of compound interest over time. Here are the various types of IRAs for you to consider:

ROTH IRA A Roth IRA is for individuals who want to contribute post-tax income for retirement savings. There's no upfront tax deduction, but withdrawals in retirement are tax-free. "The Roth, I always feel, is a multi-purpose account, especially for younger investors when we talk about first investments," explains financial advisor Winnie Sun on CNBC. It both introduces you to long-term investing, as well as helps you squirrel money away, Sun says. The annual contribution limit for 2024 is $7,000 for those under 50 and $8,000 for those 50 and over.

TRADITIONAL IRA These accounts are designed for pre-tax contributions, resulting in a reduction of taxable income in the year of contribution. The investments grow tax-deferred, but unlike a Roth IRA, distributions during retirement are taxed. Contribution limits are the same as the Roth IRA. Traditional IRAs are fitting for those who believe they'll be in a lower tax bracket during retirement.

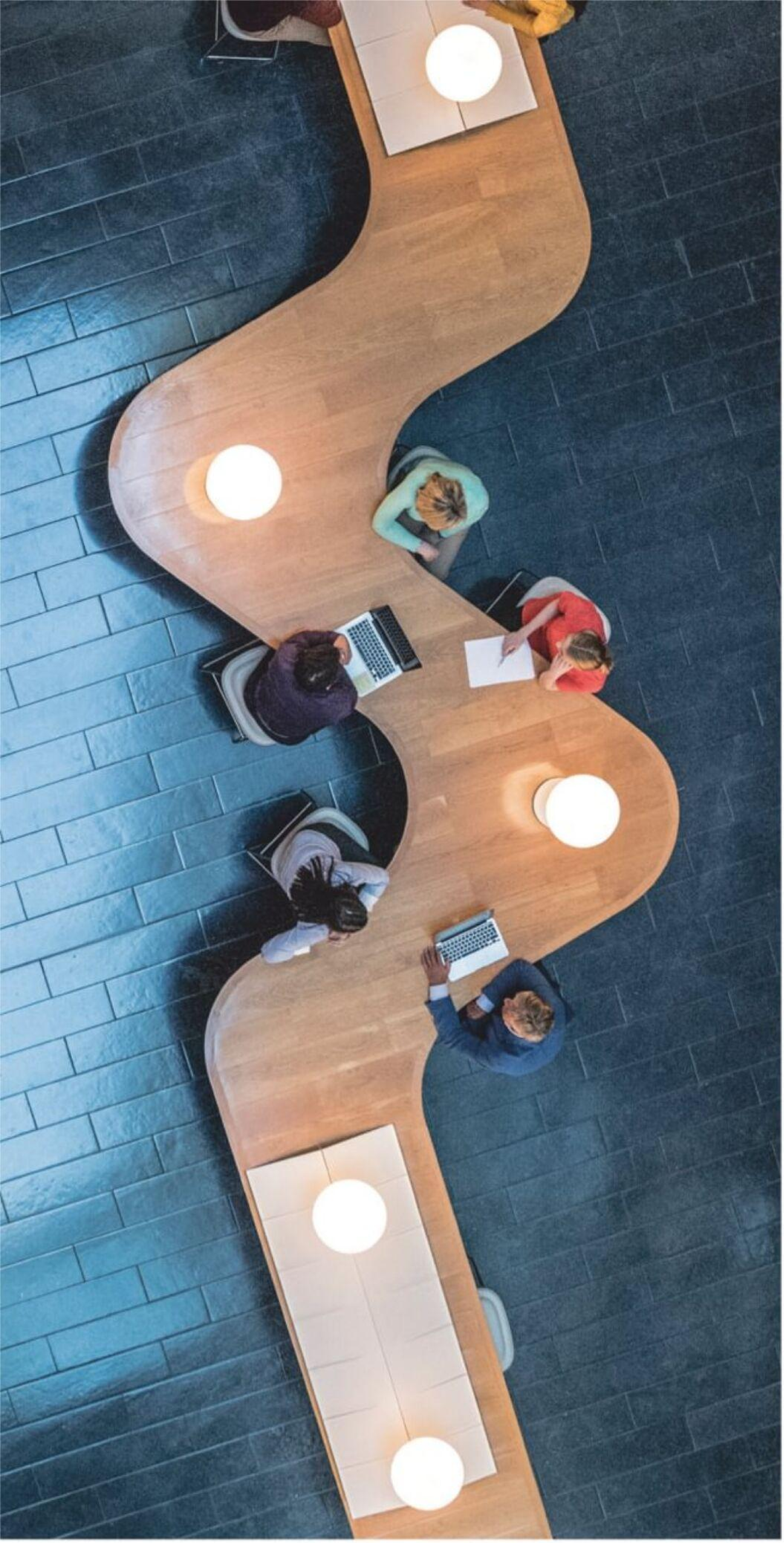
SPOUSAL IRA This type is designed for a non-working or lower-earning spouse to save for retirement. The working spouse can fund the traditional or Roth IRA on their behalf, adhering to the same contribution limits as individual accounts. This allows families to double their retirement savings, even if one spouse isn't generating income. The cap is a joint $14,000 ($7,000 each).

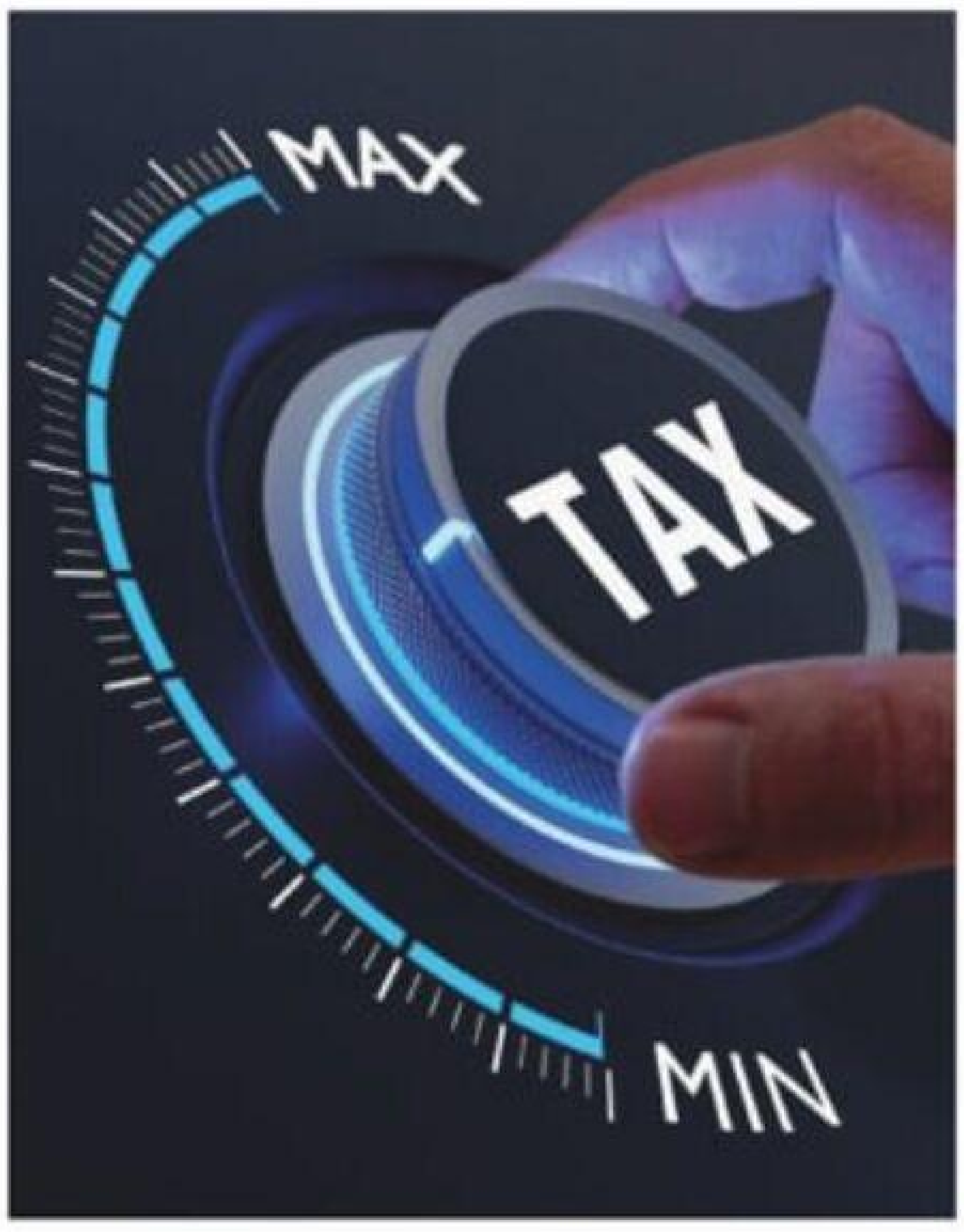
SEP IRA A Simplified Employee Pension IRA is tailored for self-employed individuals or small-business owners. You can contribute up to 25% of your compensation, or $69,000 in 2024 (whichever is less). SEP IRAs offer high contribution limits but are tied to business profits. "A SEP IRA can be especially useful if you don't have any other employees—and don't plan to hire them in the future," notes stock analyst and financial services expert James Royal on Bankrate.

SIMPLE IRA A Savings Incentive Match Plan for Employees is geared towards small businesses with 100 or fewer employees. It works similarly to a 401(k), where employees can contribute a portion of their salary, and employers are usually required to make matching contributions. For 2024, the contribution limit is $16,000 with a catch-up contribution of $3,500 for those over 50 years old.

ROLLOVER IRA This type is specifically designed to hold funds rolled over from a qualified retirement plan such as a 401(k). Going from 401(k) to a rollover IRA is convenient and can get all your accounts in one basket. "If you're babysitting three kids in three different backyards, it would be tough to keep your eye on all three," highlights Ted Jenkin, a certified financial planner, on CNBC. "By getting them in one, it's a lot easier to watch them all." In 2024, rollover IRA contributions are limited to $7,000, but increase to $8,000 if you are 50 years old or older. This option allows individuals to keep their retirement savings tax-deferred and provides more investment options than the typical employer-sponsored plans.

Virtually anyone with earned income can contribute to an IRA, regardless of age.





THE LOWDOWN ON TAXES

Understanding IRAs and 401(k)s from a tax perspective can seem elusive, but let's demystify how these accounts function. These retirement savings vehicles offer tax advantages with a long-term view in mind. When you contribute to a traditional IRA or a 401(k), that money is drawn from your pre-tax income, which means it's not taxed the year you earn it. Instead, you get an immediate tax deduction, effectively reducing your taxable income for the year of contribution.

Now, this is where the long game kicks in—while your money sits in these accounts, it grows tax-deferred. You won't pay a dime in taxes on your investment gains while they compound over time. This setup can be particularly beneficial because many individuals find themselves in a lower tax bracket when they retire compared to their working years. Thus, the idea is you'll pay less in taxes when you withdraw the money than you would have at the time of depositing it. But beware: if you pull funds out of your traditional IRA or 401(k) before reaching the age of 59 and a half, not only will that sum become part of your taxable income for that year, but you can also expect it to be hit with an additional 10% early withdrawal penalty, with few exceptions. This deterrent underscores the notion that these accounts are purpose-built for retirement savings and should remain untouched to reap their full tax advantages.

Explore: 401(k) Accounts

Employer-sponsored accounts that pad your retirement savings and lower your taxes

When it comes to planning for retirement, a 401(k) account is a powerful tool in your arsenal. This type of account isn't just a static container for your savings—it's a dynamic resource that, if used wisely, can significantly enhance your financial comfort in your later years. Here you'll find information about what it is, who can use it, and how you can maximize its benefits.

WHAT IS A 401(K)?

A 401(k) is a retirement plan from your employer that lets employees save part of their paycheck before taxes are taken out. This money can then be invested in stocks, bonds, mutual funds, and other assets. The real beauty is that the funds grow tax-deferred until you withdraw them in retirement, which means you don't pay any taxes on the earnings as they accrue. "Any withdrawals you take from your 401(k) in retirement will be taxed as ordinary income [and] if your withdrawals take you over certain income limits, you could also end up paying taxes on a larger portion of your Social Security benefits," advises Cole Czajkoski, a retirement planner and financial advisor, on the personal finance news site Kiplinger. "It's also possible you could owe an extra surcharge on your Medicare premiums, and finally, as if that weren't enough, you may even have to pay higher taxes on capital gains." So while no taxes upfront sound great, there are definitely a few aspects to be mindful of years down the road. That aside, for those employed by a company offering this type of plan, contributing is usually as simple as signing up and deciding how much of your pre-tax income you want to defer into the account.

Transactions
Housekeeping
Information
Contact
My Portfolio - Largest Investments
My Portfolio - Investments and Cash
Recently Completed Transactions

WHAT MAKES 401(K)S SO DESIRABLE?

One of the most attractive features of many 401(k) plans is employer matching contributions. As an incentive for employees to save for retirement, some employers will match your contribution up to a certain percentage of your salary—often around 3-6%. This match is essentially free money, so leveraging this benefit should be at the top of your priorities. By not contributing enough to get the full match, you're leaving cash on the table—cash that could significantly compound over time. For instance, if your employer will give you a 50% match on your contributions up to 6% of your salary and you're making $50,000 annually, your $3,000 contribution becomes $4,500 with your employer's $1,500 match. This example is like an instant 50% return on your investment, which makes it an unmissable advantage. The IRS does set limits on how much you can put into your 401(k) accounts each year, though. For example, in 2024, the employee contribution limit for most workers is $23,000; those aged 50 or older can make an additional catch-up contribution of up to $7,500. These limits are periodically adjusted for inflation. "The maximum contribution set by the IRS doesn't include what your employer can contribute in matching funds," notes personal finance expert Elizabeth Gravier on CNBC. "The limit on combined employee and employer contributions is $69,000, up from $66,000 in 2023." Even with this cap, you can still be on your way to a cozy retirement.

If your employer matches your 401(k) contributions, capitalize on the free money.

CAN SELF-EMPLOYED INDIVIDUALS BENEFIT?

Generally, only employees of companies that offer a 401(k) program can participate. This means freelancers, solo practitioners, and small business owners are usually out of the loop—except when it comes to the Solo or Individual 401(k). This variant permits self-employed individuals to set up their own 401(k), benefiting from similar tax advantages as those employed by larger companies (with higher contribution limits). In this scenario, you can contribute as the employee and employer. As mentioned previously, in 2024, your employee contribution to the plan is capped at $23,000 (for individuals aged 50 and above, there's an opportunity to add a catch-up amount of $7,500 to their contributions). As the employer, you also have the opportunity to further enhance your retirement savings through a profit-sharing addition that should not exceed 25% of your earned income or your net self-employed earnings (after taking out half of your self-employment taxes in addition to any contributions you've made to your own plan). For calculating these contributions, know that the upper limit on earnings that may be considered is capped at $345,000 for the year 2024.

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CATCH-UP CONTRIBUTIONS

As we age, planning for retirement becomes increasingly critical. For those over 50, catch-up contributions are an ace up the sleeve; this IRS-sanctioned strategy allows individuals to pad their retirement accounts beyond standard limits. If you're 50 or older, here's how you can leverage catch-up contributions to fortify your nest egg. First, identify your retirement account type. Catch-up contributions are permissible in various plans, including 401(k)s, 403(b)s, most 457 plans, and traditional or Roth IRAs. For 2024, the catch-up limit is $7,500 for 401(k) type plans and $3,500 for a SIMPLE IRA.

Being well-informed is key, as each plan has unique rules. Some may automatically enroll you in catch-up contributions once you're eligible, while others require you to opt in; contact your plan administrator to understand your plan's particular provisions. Additionally, make sure you're financially positioned to maximize these contributions—assess your budget to find areas where you can reduce expenses and instead redirect funds into your retirement savings. But remember that catch-up contributions can significantly impact tax liabilities. Contributions to traditional retirement plans are tax-deferred, potentially lowering your taxable income in the contribution year. In contrast, Roth plans provide participants with tax-free withdrawals in retirement.

Explore: Other Retirement Vehicles

Other options for investing retirement money worth looking into (if they apply to you)

Retirement accounts are essential tools for ensuring a stable income in your golden years. Beyond the well-known 401(k)s and IRAs, several other types of accounts and plans can add even more diversity and strength to your retirement strategy.

TRADITIONAL PENSIONS Also known as defined benefit plans, traditional pensions are increasingly rare but incredibly valuable assets. They promise a specified monthly benefit at retirement, often based on salary and years of service. Employers fund these plans and bear the investment risk. The key tax point is that contributions are made pre-tax, reducing taxable income during working years—but pension payments are then taxed as ordinary income in retirement. The Pension Benefit Guaranty Corporation (PBGC) insures many pensions; if a company goes under, retirees might still receive certain benefits up to a yearly maximum guaranteed amount—as of 2024, this was capped at $85,925 for those retiring at age 65. (It tends to rise over the years, however.)

CASH-BALANCE PLANS These plans are a hybrid between a traditional pension and a 401(k). You're promised a certain account balance at retirement based on credits plus an interest rate credit (which might be fixed or pegged to an index, like the one-year treasury bill rate). Upon retirement, you can take an annuity or a lump sum that can be rolled into an IRA. Contributions grow tax-deferred until withdrawal, which then becomes taxable at ordinary income rates. "The best candidates for cash balance plans are mature businesses with forecasted sustainable profits and a stable number of employees on their books," explains financial consultant Thomas Ruggie.

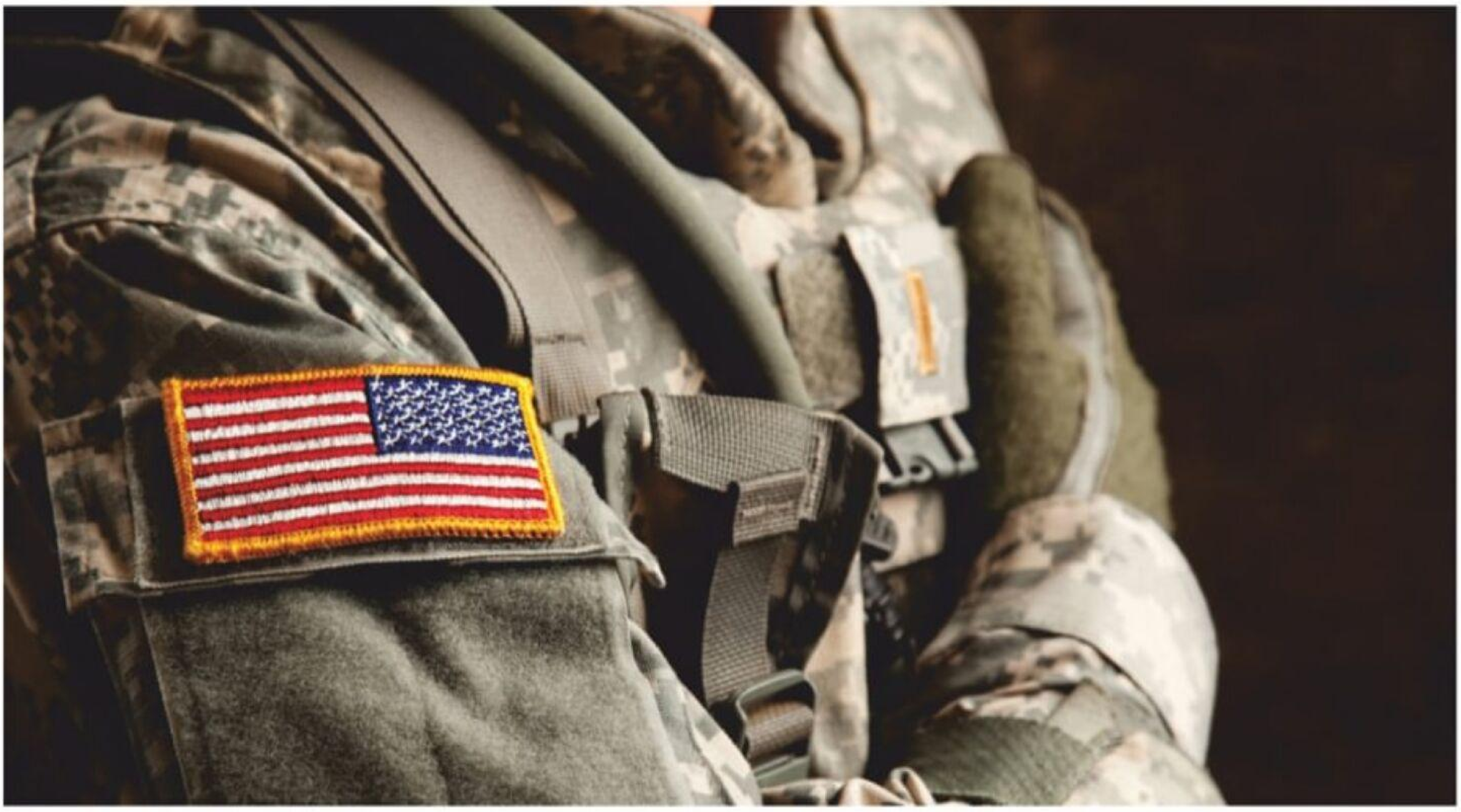
GUARANTEED INCOME ANNUITIES (GIAS)
A GIA is essentially a contract with an insurance company where you exchange a lump sum for guaranteed payments over a specific period. The payouts from GIAs are fixed, providing predictable income. For taxes, contributions with post-tax dollars result in a tax-free return of your investment part of the annuity payment, while gains are taxed at ordinary income rates. A potential downside is that annuities can be complex and may have high fees. GIAs are usually best for the average consumer, though high-net individuals can also benefit from them.

CASH-VALUE LIFE INSURANCE PLANS Cash-value life insurance plans, also known as whole life or permanent insurance, combine an insurance policy with an investment component. The insurance company invests a portion of the premiums you pay, and the policy builds cash value over time. You can then borrow against or surrender the policy to access the cash value in retirement. Some policies even offer dividends that you can use to boost your retirement income. You can get it through your employer (rarely), or purchase a policy yourself online or with an agent or financial advisor. The appeal here comes from the tax benefits: cash value grows tax-deferred and loans from the policy aren't considered taxable income. This option is typically a better bet for higher-net-worth individuals.

NONQUALIFIED DEFERRED COMPENSATION PLANS (NQDC) These plans allow executives and other highly compensated employees to defer a portion of their compensation (and taxes on it) to future years. Unlike qualified plans such as 401(k)s, NQDCs are not subject to contribution limits, offering more flexibility. However, they lack protection under ERISA (the Employee Retirement Income Security Act), meaning if the company faces bankruptcy, participants could lose their deferred compensation. "Ideally you do this when you expect to be in a lower tax bracket, which is typically due to retirement or a reduction in income," says personal finance coach and certified financial planner Juan Carlos Medina in *Forbes*.

THE FEDERAL THRIFT SAVINGS PLAN This plan is akin to a private sector 401(k) but is designed for U.S. federal employees and service members. You contribute pre-tax dollars—which reduces your taxable income—and pay taxes on withdrawals. TSP features both traditional and Roth options, differing in tax treatments. As of 2024, the contribution limit stands at $23,000 with a catch-up contribution of an additional $7,500 for those aged 50 and above. A key factor to consider is the matching contributions that can equate up to 5% of your salary, a significant booster in your retirement savings journey. Individuals beginning their federal careers have the option to transfer their existing 401(k) and IRA funds into a TSP.

Some retirement accounts are specially designed for service members or federal employees.



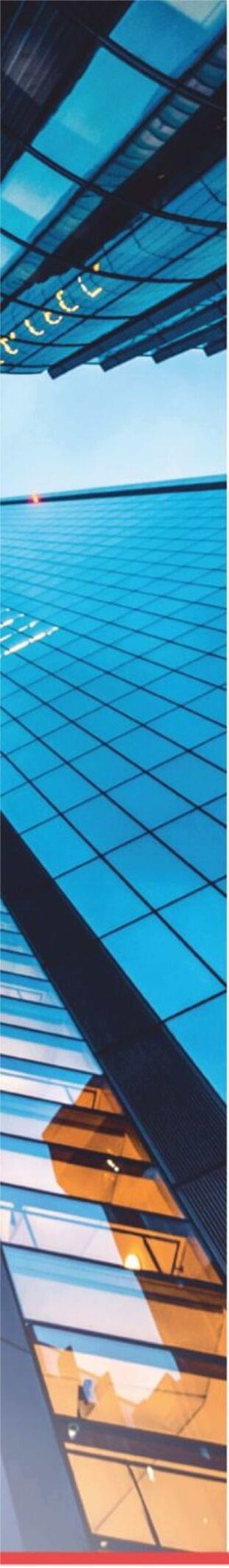
UNDERSTANDING REQUIRED MINIMUM DISTRIBUTIONS

Required minimum distributions (RMDs) are amounts of money that the government mandates you withdraw from your retirement accounts annually to ensure that you don't just accumulate tax-advantaged savings indefinitely. "Beginning in 2023, the SECURE 2.0 Act raised the age that you must begin taking RMDs to age 73. If you reach age 72 in 2023, the required beginning date for your first RMD is April 1, 2025, for 2024," according to the IRS. For every subsequent year after your first distribution, you'll need to withdraw your RMD by December 31.

The amount you must withdraw each year is calculated based on life expectancy tables provided by the IRS and the balance in your retirement accounts at the end of the previous year. The penalty for not taking an RMD or withdrawing an insufficient amount is a 25% excise tax on the amount *not* distributed as required (or 10% if you take it within two years). Note that Roth IRAs do not require RMDs, but other types of retirement accounts, like traditional IRAs and 401(k)s, are subject to these rules. It's wise to consult with financial advisors to determine the exact amount you must withdraw each year to comply with IRS regulations. Alternatively, there are several easy-to-use RMD calculators available online.

HOW TO INVEST LIKE THE PROS

Why merely save when you could put your money to work earning more money?



The return on traditional savings accounts is famously low—a hundred dollars put in today might earn you $12 or $15 dollars over five years. To make your money *really* grow, you have to invest it, and that means accepting risk in exchange for the likelihood of a higher return. Learning the ropes of investing, to unlock its potential benefits, may seem daunting. But you don't have to go to business school to be a good investor: All you need is a little know-how and a comprehensive plan that puts financially-savvy people in your corner. Whether it's stocks and bonds, real estate investments, or alternative investments like cryptocurrencies, collectibles, and antiques, this section will help you sharpen your investing edge by understanding how to evaluate risk intelligently and invest like a professional.

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Explore: Stocks and Bonds

With stocks, you own part of the companies. With bonds, you're lending them money

Investing in the stock market offers individuals a powerful way to build wealth over the long term. Two common investment vehicles within this arena are stocks and bonds. Though they're often spoken of in the same breath, they represent very different investment strategies with distinct risk profiles and reward potentials.

WHAT'S THE DEAL WITH STOCKS?

Stocks represent ownership in a company; one can purchase stocks and gain partial ownership in firms such as Amazon (AMZN), Microsoft (MSFT), or Netflix (NFLX). Stocks have the potential to deliver substantial returns as companies grow their profits. However, stocks also come with greater risk; prices can be volatile, and if a company underperforms or goes bankrupt, shareholders can lose part or all of their investment (just think back to the stock market crash of 2008). The cost of individual stock shares varies widely, ranging from mere pennies to several thousand dollars per share. When engaging in stock investments, you're liable for capital gains taxes when you sell shares at a profit, in addition to possibly being taxed on any dividends accrued.

Buying stocks through index funds and utilizing an investment manager are two different approaches to building a portfolio. Index funds are managed passively, meaning there's no active stock picking involved. Typically, these come with lower fees because they require less hands-on involvement from fund managers. This can be especially beneficial for long-term investors who wish to minimize costs. Index funds are accessible for purchase either directly through the fund provider's online platform or via brokerage firms. The latter is frequently chosen by investors for its broader selection of investment opportunities. Brokerages offer an array of index funds from numerous fund companies in contrast to fund providers that only market their own offerings.

Conversely, an investment manager actively selects stocks, aiming to outper-

form the market rather than just match it. This personalized service reflects an investor's individual risk tolerance, financial goals, and preferences, potentially providing tailored advice and responsive portfolio adjustments. However, it usually incurs higher fees given the specialized expertise and time commitment required. "Investment managers are usually compensated via a management fee, usually a percentage of the value of the portfolio held for a client—management fees range from 0.35% to 2% annually," says James Chen, a chartered market technician, expert trader, and global market strategist. "Also, fees are typically on a sliding scale; the more assets a client has, the lower the fee they can negotiate." That makes getting involved easier.

WHAT'S THE DEAL WITH BONDS?

Unlike stocks, these are more like loans to a corporation or government entity, where you are the lender. The cost can vary depending on the price of the bond. The issuing body promises to pay back the principal amount on a certain date and pays you interest periodically—this makes bonds generally less risky than stocks because bondholders are guaranteed to get their money back, plus interest. However, since the risk is lower, bonds typically offer lower returns compared with stocks. That doesn't mean they're entirely risk-free, however—in the event that the corporation declares bankruptcy during the bond term, your interest payments may cease and there is a possibility of not recovering your full initial investment.

Bonds come with a variety of maturity periods, typically starting from just a few weeks up to a span of 30 years, depending on the specific type purchased. Suppose you buy a five-year bond for $50,000 that has a 3% coupon rate (meaning the bond pays you 3%, or $1,500, each year). If bonds also happen to be trading at a 3% market rate, you'll pay $50,000 initially, then the bond will pay you $1,500 a year for five years (or $7,500 total). When the five years is up, you'll also get your original $50,000 back—meaning that you essentially loaned them money to reap the interest. Tax implications for bond investments vary by type. For corporate bonds, earned interest is generally taxable. Municipal bond interest is generally federal tax-exempt, and sometimes state tax-exempt, unless they are out-of-state bonds, which can incur state and local taxes. Treasury bond interest is taxed federally but not at state or local levels.

So, how do you buy bonds? Former registered financial advisor and award-winning author E. Napoletano has some advice. "Keep in mind that when buying bonds directly from the government or a corporation, you will need to contact a broker in order to make a purchase, as these are not traded on the stock exchange like a bond ETF," she notes in *Forbes*. "Your broker can be a financial institution, brokerage, or another licensed financial advisor." Before you make the jump, do your research.

IS ONE BETTER THAN THE OTHER?

Bonds are often suited to the risk-averse, particularly those approaching the twilight of their careers, as they yield a steady income with minimal risk exposure. On the other hand, for those who have a longer time horizon to achieve their financial objectives, the stock market often presents a more favorable choice than bonds. By allocating investments into equities, there exists a greater opportunity for capital appreciation, alongside an ability to recover from short-term volatility in the market. The best approach, however, depends on an individual's unique risk tolerance, investment timeline, and financial goals. A diversified portfolio that includes both stocks and bonds can offer a balance of growth and income, providing a solid foundation for retirement savings.

The best approach depends on your risk tolerance, investment timeline, and financial goals.

MAKE GOOD ON MUTUAL FUNDS

Mutual funds offer an accessible and diverse option for first-time investors and experienced enthusiasts alike. These investment vehicles pool money from multiple individuals, allowing professional managers to buy a mix of securities to achieve the fund's objectives. This diversification reduces risk while still offering the potential for solid returns.

Start by outlining your financial goals and risk tolerance. Are you seeking wealth preservation, income generation, or aggressive growth? Once you have a clear understanding of your objectives, research various types of mutual funds—such as bonds or balanced funds—that align with those goals. One practical way to begin your mutual fund journey is through a Systematic Investment Plan (SIP). SIPs enable you to invest a fixed amount regularly (monthly or quarterly), which can be as low as $25. This not only inculcates disciplined investment habits but also minimizes market timing risks.

In selecting mutual funds, scrutinize their historical performance, expense ratios, and asset allocation. Don't solely focus on high returns; consider consistency and risk-adjusted returns. A useful tool for comparing mutual funds is the Sharpe Ratio, which helps gauge a fund's return relative to its risk. Finally, registering an account with a fund house or online brokerage platform facilitates easy tracking and management of your portfolio.

Explore: Real Estate Investing

How property ownership can provide a large boost to your investment portfolio

Investing in real estate has long been championed as a tried and true pathway to wealth accumulation. With the right property and strategy, bricks and mortar can offer not just a roof over your head, but also a robust addition to your investment portfolio.

PRE-PURCHASE CONSIDERATIONS

Real estate investments, for many people, represent not just the acquisition of assets but also the cultivation of long-term wealth. If you have the available funds, positioning yourself within the property market can be an astute investment strategy—the potential benefits could outweigh many other investment forms. Real estate has historically shown to appreciate over time, granting investors significant returns; however, as with any investment, entering this market requires a nuanced approach and a solid understanding of both the potential rewards and inherent risks. It’s important to keep in mind that your return on investment (ROI) largely depends on both the market conditions and the type of property that you choose. Statistical data suggests that properties in thriving areas can see an appreciation of 3-5% per year under normal market conditions, although this figure can fluctuate widely based on several economic factors and local demand. Remember that real estate can be a long-term investment for many, so short-term market dips should not deter investors who plan to hold properties for an extended period of time.

An effective real estate investment plan is one where you are well-informed and strategically positioned within this sturdy yet ever-changing market landscape. With an informed approach backed by solid research and advice from industry professionals, investing in real estate could indeed form the cornerstone of your financial stability for years to come. Doron Yacobi, an international real estate investor and developer, doubles down on the research angle. “If

you don't know a neighborhood like the back of your hand, you don't know it well enough to invest in," asserts Yocobi on the finance platform Investopedia. It's wise to consult with financial advisors who have expertise in real estate investments to ensure your strategy aligns with your overall retirement plan.

CHOOSING THE RIGHT PROPERTY

When considering real estate as an investment, it's crucial to evaluate the type of property that best suits your goals—be it your first home, a second property geared towards rental income, or Airbnb hosting. The right property should tick a few essential boxes to ensure its value builds over time. "Research and choose a location with growth potential, low crime rates, good schools and amenities [like parks and shopping centers] that appeal to potential tenants or buyers," says real estate investor Michael Ligon in *Forbes*. You'll want to factor in future urban plans that may affect property values in your chosen area. Additionally, it's important to scrutinize the property's condition. Older properties might seem affordable but can hide costly repairs that chip away at profitability; newly constructed properties might come with a higher price tag but could offer modern amenities and efficiencies that appeal to tenants or future buyers. The type of property can of course make a difference as well—let's look at a breakdown.

SINGLE-FAMILY HOMES These are the most common type of real estate investment. They typically require the least amount of maintenance and have the widest appeal to renters. However, they often have lower rental yields compared to other options.

CONDOS AND TOWNHOUSES These types of properties offer a mix of benefits from single-family homes and multi-unit buildings. They're generally more affordable to purchase and maintain, but you'll share some responsibilities with other unit owners.

MULTI-UNIT BUILDINGS (DUPLEXES, TRIPLEXES) If you're looking for higher returns, multi-unit buildings can be an excellent choice. They offer the potential for multiple income streams and can be a good way to break into investment property ownership. However, they may require more management effort than other kinds of properties.

COMMERCIAL PROPERTIES These include office buildings, retail spaces, and income-producing properties like apartment complexes (which in many

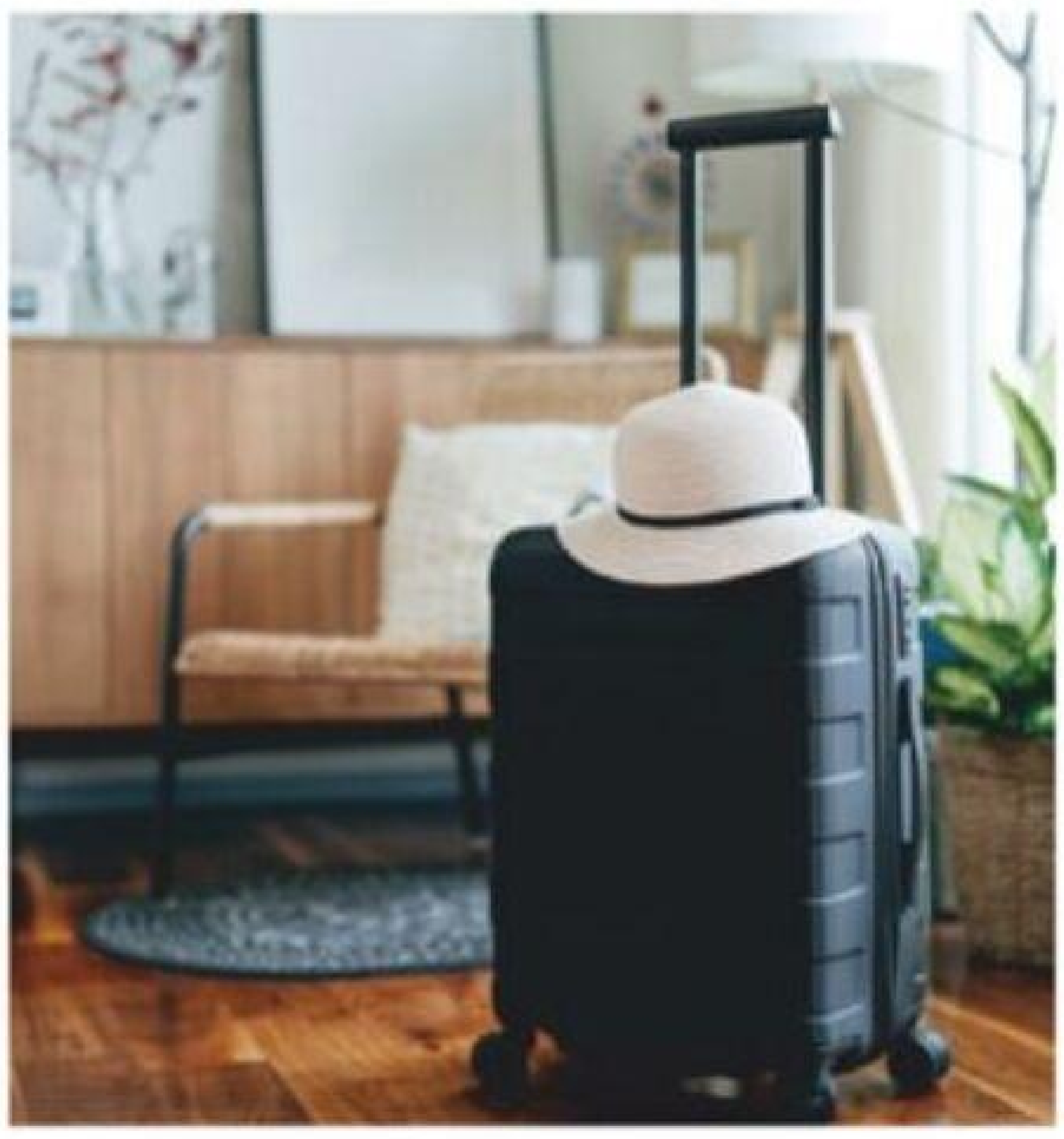
Factors like location, crime rates, proximity to parks, and age of the home all matter.

jurisdictions are considered commercial properties when they have five or more units). These properties typically require a larger initial investment and more expertise to manage, however, they can oftentimes generate substantial income and appreciate at a higher rate than residential properties.

ANALYZING THE PROS AND CONS

On the positive side, real estate is a tangible asset that provides stable cash flow if rented out and has consistently yielded high long-term returns when compared to some other investment opportunities. Those investing in real estate also have the chance to capitalize on a range of tax perks and write-offs. “Mortgage interest, property taxes and certain maintenance expenses are often tax deductible, thus reducing your overall tax liability,” real estate investor Michael Ligon told *Forbes*. “Additionally, if you hold onto your property for an extended period, you may qualify for capital gains tax exemptions.” For retirees or those planning for a comfortable retirement, real estate can serve as a significant aspect of a savvy person’s diversified investment portfolio.

However, there can also be downsides. Real estate requires significant capital upfront and may not be as liquid as you’d like it to be; selling off a property can be a lengthy process compared to selling stocks or withdrawing from a savings account. Property ownership also demands active management—maintenance issues can arise that require immediate attention, potentially leading to unexpected expenses. Problematic tenants can also result in revenue losses and legal headaches. For additional know-how check out *The Book on Rental Property Investing* (2015) by Brandon Turner, an entrepreneur and real estate investor who boasts a portfolio of over a thousand rental units. Alternatively, the *Rental Property Owner & Real Estate Investor* podcast by the Rental Property Owner Association features tons of interviews and advice on navigating this complicated realm.



SHORT-TERM RENTAL MANAGEMENT

Managing your short-term rental effectively is key to maximizing income. Here’s a quick tip sheet:

OPTIMIZE PRICING Research local listings to set a fair price that reflects your rental’s features and location. Adjust rates for peak seasons to increase your revenue when demand is high.

CRAFT A STANDOUT LISTING Ensure your listing has a compelling description highlighting unique amenities and local attractions, as well as high-quality photos. Your listing should set realistic expectations and draw guests in with its charm and convenience.

STREAMLINE COMMUNICATION Respond promptly to inquiries and questions. Use templates for efficiency but maintain a personal touch.

AUTOMATE CHECK-IN/OUT Implement smart locks or lock boxes for hassle-free check-in and check-out processes, which enhance guests’ experiences.

MAINTAIN HIGH STANDARDS Ensure rigorous cleaning protocols and maintenance checks between guests to uphold quality and receive positive reviews.

REGULARLY UPDATE YOUR SPACE Keeping your rental fresh and up-to-date can justify higher rates and attract repeat customers.

LEVERAGE REVIEWS Encourage reviews by personally thanking guests after their stay and reminding them to leave feedback, which boosts your credibility.

Explore: Alternative Investments

How to bet on rising value in arts, antiques, commodities, cryptocurrency, and more

In the world of investing, stocks and bonds typically steal the spotlight. But there are many other viable investment options out there that can offer impressive returns if you know what you're doing. From art to classic cars, there's a ton of ways you can pad your wallet.

AMASS AMAZING ARTWORKS Investing in art means acquiring valuable works with the potential to appreciate. To start, visit galleries, art fairs, and auctions (e.g. Sotheby's or Christie's). Networking with artists and curators is key. Keep in mind that costs vary from hundreds for emerging artists' pieces to millions for renowned works. Pay attention to trends, artist reputation, and provenance. Don't forget to obtain authentication and store them properly (humidity and UV light exposure are not good; climate-controlled storage is necessary). If you haven't got millions lying around, art funds allow you to "buy" a share in an art piece—some for as little as $20—so that you don't have to shell out significant cash but can still feel like you're investing in something culturally worthwhile. It's wise to allocate only a portion of your investment portfolio to art (experts recommend 5-10%) due to its illiquid nature.

SET OUT ANTIQUING Antiquing involves collecting older items valued for their beauty, rarity, and condition. Begin at antique shops, shows, auctions, or online marketplaces. Research is essential—know the era and maker. "Items like old concert posters, vintage event tickets or even early advertising materials can hold significant value," says Skyler Fernandes, a financial advisor and founder of Finally Fund Admin (an investment platform). "These pieces

of cultural ephemera capture moments in time and often have a dedicated collector base." Specialized antiques can command prices up to tens of thousands of dollars. However, restoration costs and authentication can add up, so budget accordingly.

There are plenty of investment options out there—no matter your financial standing.

JOIN THE CRYPTO CRAZE Cryptocurrency is the most recent alternative investment that everyone is chasing. Getting involved doesn't require thousands upfront. You can start by purchasing fractions of coins with as little as $10 to $20 through various exchanges or apps like Coinbase or Binance. Due to its volatility, potential returns (and losses) can be substantial—Bitcoin has had swings of more than 50% in value within single years. Stay aware of transaction fees, which generally range from 0.1% to 1.5%, and learn about wallet security, trading strategies, and market volatility.

PURCHASE CLASSIC CARS Investing in cars isn't just about buying a new vehicle; it's about finding classic or collectible models that will increase in value over time. Entry costs depend largely on the make, model, and condition of the car you're interested in—restorable models may cost a few thousand dollars, while rare classics can run into the millions. Cars require physical maintenance; storage costs and insurance must also be considered. Collectible cars don't have a set appreciation rate, but properly chosen models have seen annual returns of around 4.6% in recent years. Websites like Hagerty offer valuation tools to help gauge investment potential.

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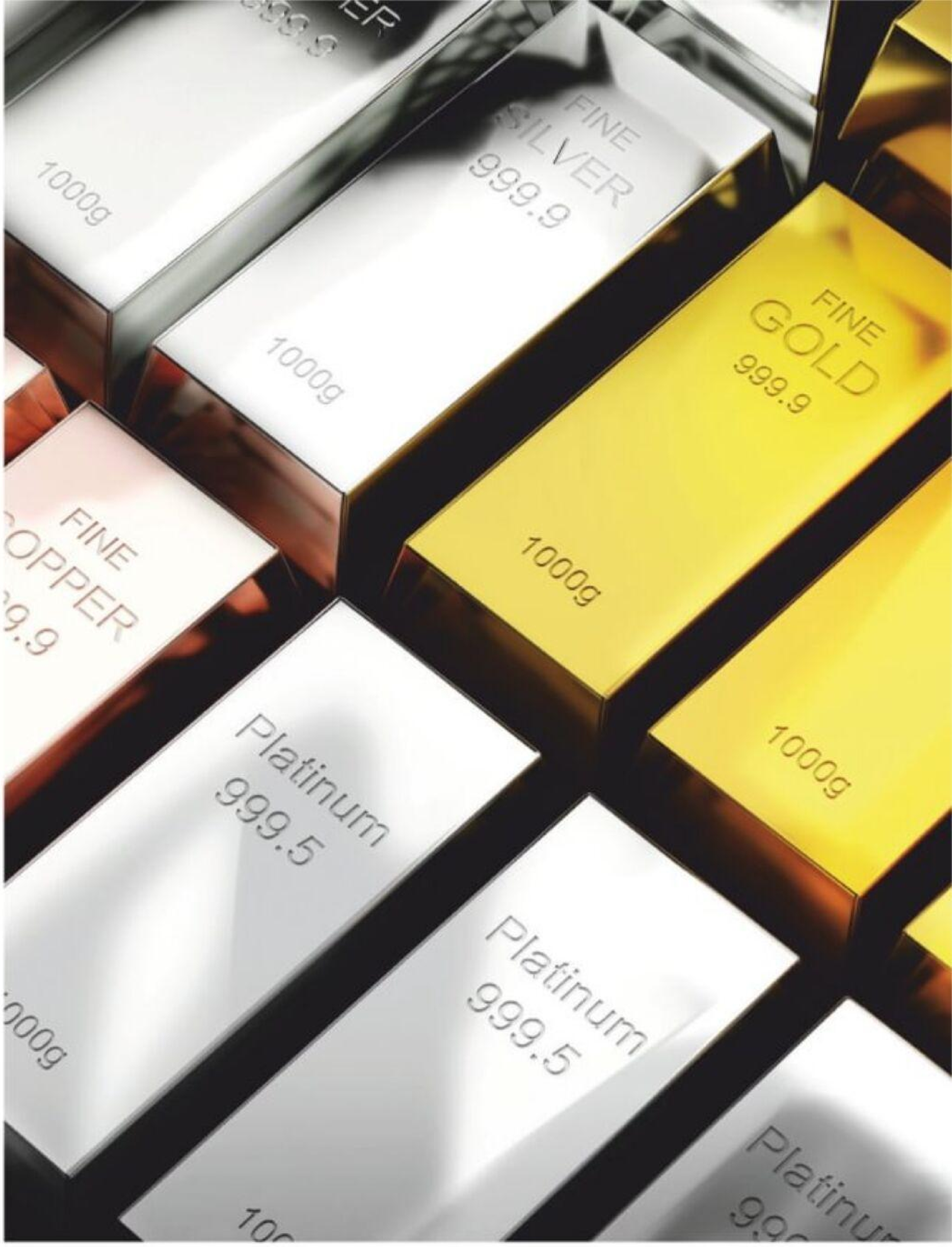
TAKE ADVANTAGE OF REAL ESTATE INVESTMENT TRUSTS REITs allow investors to enter real estate markets without owning physical property. With just a few hundred dollars, you can start investing in portfolios of properties that generate income through leasing operations or sales profits. REITs often promise steady dividend payouts with typical annual yields falling between 4% and 8%. They offer liquidity similar to stocks with sector-specific risks such as property market downturns.

CONSIDER PRIVATE EQUITY Private equity investments mean putting funds into companies that aren't publicly traded on stock exchanges. The cost here is high, so this option isn't for the faint of heart—most PE funds require minimum investments ranging from $250,000 to over $25 million. Private equity aims for higher returns than traditional public markets, typically targeting annual returns between 15% and 25%, but with less liquidity and higher risk. "Only institutional investors and accredited investors are eligible to put money into a private equity fund," explains Rebecca Baldridge, a chartered financial analyst, on *Forbes Advisor*.

DIVE INTO COMMODITIES Investing in commodities like oil, precious metals, or agricultural products typically involves futures contracts (agreements to either buy or sell a specific amount of a commodity, like oil or wheat, at a pre-set price on a particular future date) or a direct purchase of goods. Costs range from minimal for small amounts of precious metals (ounces) to significant sums for oil contracts (barrels). Keep an eye out for brokerage fees and understand that commodities are extremely sensitive to market swings due to geopolitical events or natural disasters. It's also possible to invest through commodity ETFs or mutual funds as more accessible avenues.

HOLD OUT FOR HEDGE FUNDS These are collective investment schemes that use varied strategies to earn returns for investors. Unlike mutual funds, hedge funds can engage in riskier strategies such as leverage and derivatives trading. Minimum investment could be high (upwards of $100K), therefore checking past performance and understanding the fee structure is critical before committing capital. Expect management fees, typically 2%, in addition to "performance fees" taken from profits, which are usually a standard 20%. "Hedge funds were always meant to be a supplement to a well-rounded asset allocation containing U.S. and international stocks and U.S. and international cash or cash equivalents," explains Katie Brewer, a certified financial planner and president of Your Richest Life, which is a financial advice firm.



INVESTING IN COLLECTIBLES

Collectibles offer the allure of owning a piece of history while potentially generating significant returns. Think vintage comic books, rare coins, or even sought-after sneakers. Rarity and nostalgia can drive up prices considerably. For example, a $1,000 banknote from 1890 sold for $3.29 million at an auction in 2014 due to the unique shape of the zeros and its historical significance as one of the rarest banknotes in American history. A well-chosen collectible purchased at the right price may appreciate substantially, providing an excellent return on investment years down the line. Moreover, collectibles offer a physical asset that can be enjoyed visually or as part of a collection.

However, the market for collectibles is notably volatile—it's driven by trends and personal tastes that change drastically over time. Prices can skyrocket, but they can also plummet without warning. Additionally, authenticity and condition play critical roles in value, necessitating expertise and sometimes significant upfront costs for preservation and authentication. Liquidity presents another challenge. Unlike stocks that can be sold instantly on the stock market, finding a buyer for collectible items might take time, complicating access to funds in a pinch. Collectibles might diversify a portfolio, but should only be a small portion of your retirement strategy due to their speculative nature.

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Explore: Tax Minimizing Strategies

From asset location to tax-loss harvesting, don’t pay a dollar more than you have to

Investing isn’t only about earning returns—it’s also about optimizing those returns by minimizing the taxes you pay on them. Read on to explore several tax-efficient investment strategies that can help you retain more of your hard-earned money.

TAX-LOSS HARVESTING This technique involves identifying underperforming securities in your portfolio, selling them at a loss, and using those losses to offset gains from selling winning investments. “By utilizing these losses, you in essence make lemonade out of lemons,” says certified financial planner David Mullins on *Forbes Advisor*. You can use up to $3,000 of excess losses from investing to reduce your ordinary income tax each year, with any remaining losses carried forward to future years. Not only does this strategy help in reducing current-year taxes but it also helps to rebalance your portfolio towards your original asset allocation.

BUY AND HOLD This is a straightforward yet effective strategy. By purchasing investments such as stocks, bonds, or other investment securities and holding them for over a year, you shift from short-term capital gains, which are taxed at ordinary income rates (up to 37% for 2024), to long-term capital gains, which are subject to reduced tax rates (generally 0%, 15%, or 20%, depending on your income). By not frequently buying and selling, investors reduce transaction costs and the realization of capital gains that could be taxed annually. Holding assets long-term not only gives investments time to grow but also significantly trims the tax bill come April 15th.

ASSET LOCATION This is all about positioning investments in the most tax-efficient accounts possible. “To benefit from this strategy, investors must have investments in both taxable and tax-deferred

accounts," informs investment advisor Ken Hawkins on the investing platform Investopedia. "Typically, investors who use a balanced investment strategy consisting of equity and fixed-income investments can get the most benefit from asset location." This means placing high-growth investments in Roth IRAs or 401(k)s where earnings grow tax-free. Tax-efficient equity funds and investments with low turnover are best located in taxable accounts where qualified dividends and long-term capital gains benefit from lower tax rates. Conversely, putting assets that generate high yields or that are not tax-efficient into tax-deferred accounts like traditional IRAs helps defer taxes until funds are withdrawn.

GIFTING Gifting can be a tax-efficient way to transfer wealth (say, if a child needs help investing in their first home), reduce the size of your taxable estate, and support loved ones or causes you care about while still keeping your wealth and assets close. Parents can gift their children up to $18,000 without incurring tax ($36,000 for married couples), per the IRS' gift tax exclusion for 2024. (That's per child, not per year.) Additionally, the IRS permits an individual to distribute up to $13.61 million in cash or assets over their lifetime without incurring taxes, effective as of 2024. Keep records of all gifts, including the date, the amount, and your relationship to the recipient. This can help demonstrate your intent and avoid potential disputes.

MASTER LIMITED PARTNERSHIPS INVESTMENT (MLP) An MLP is a type of publicly traded business venture that combines the features of a partnership and a corporation. MLPs are particularly tax-efficient because they distribute their income to investors, who are then only taxed on their share of the profits. This way, the income generated by an MLP avoids double taxation, making it an attractive investment option. For example, if an MLP earns $100,000 and distributes 90% ($90,000) to the investors, the investors will only be taxed individually on their portions of the $90,000.

CHARITABLE CONTRIBUTIONS Making a charitable contribution of appreciated assets like stocks is a poignant way to support causes you care about while optimizing your tax situation. Rather than selling an investment and donating cash—triggering capital gains tax—you can gift securities directly to a charity. This strategy allows you to deduct the market value of the investment without recognizing the capital gain, meaning that more money goes to the charity and less goes to taxes; it's a win-win. "In general, you can deduct up to 60% of your adjusted gross income via charitable donations, but you may be limited to 20%, 30% or 50%, depending on the type of contribution and the organization," notes Tina Orem, a former financial analyst and finance director for numerous companies, on the finance platform NerdWallet.

Gifting is a tax-efficient way to transfer wealth while supporting your loved ones.

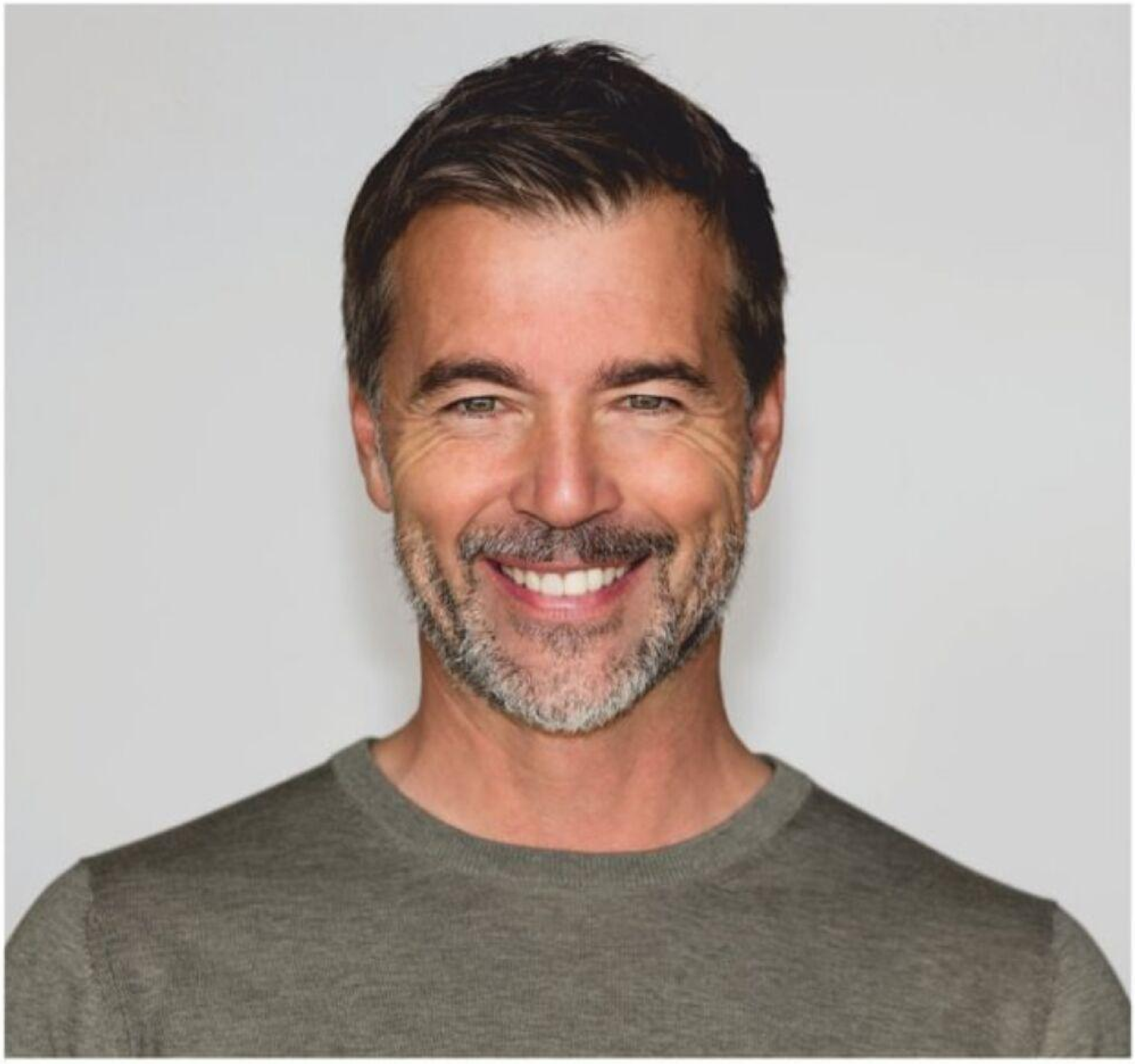
SET UP A FAMILY LLC

Starting a family limited liability company (LLC) can be a savvy way to manage your family's assets and finances while tapping into certain tax advantages. By "employing" your children within the LLC, you pay them for legitimate work, and the income may be tax-free for both sides. However, keep in mind that there are rules to follow. First, decide on the LLC's purpose. It could be property management or investment handling; the key is to ensure it's a legitimate business. Next, create an operating agreement tailored to your family's needs. This agreement will outline member roles, including what work your children will do.

Once your LLC is official, document your children's responsibilities, salaries, and hours worked, as paying them requires authentic job duties within the company. If your children are under 18, their earnings might be exempt from Social Security, Medicare taxes, and possibly even federal unemployment tax. Income paid to children under the age of 18 is also not taxed up to the standard deduction ($14,600 for 2024). Remember that payment must be reasonable; think industry-standard wages for the work performed. This ensures you're complying with IRS rules and also bolsters the legitimacy of your LLC.

HOW TO PROTECT YOUR NEST EGG

Take an active role in managing, protecting, and (eventually) distributing your wealth



In order to build wealth in a reliable way over a long period of time, you need to adopt a mindset early on that you're completely in charge of your money at every step—not the other way around, as it often feels for so many of us. This is the opposite of "set it and forget it"—this is about staying actively involved in every aspect of your financial life: monitoring your investments closely, centralizing your financial controls, actively working off debts, regularly increasing your contributions, and fine-tuning your gameplan all along the way. With clearly defined financial strategies and active involvement, you and your heirs (that's right—you'll have heirs) will be in a better place when it comes to your retirement and beyond. Money can't buy peace of mind...but it can bring it a lot closer.

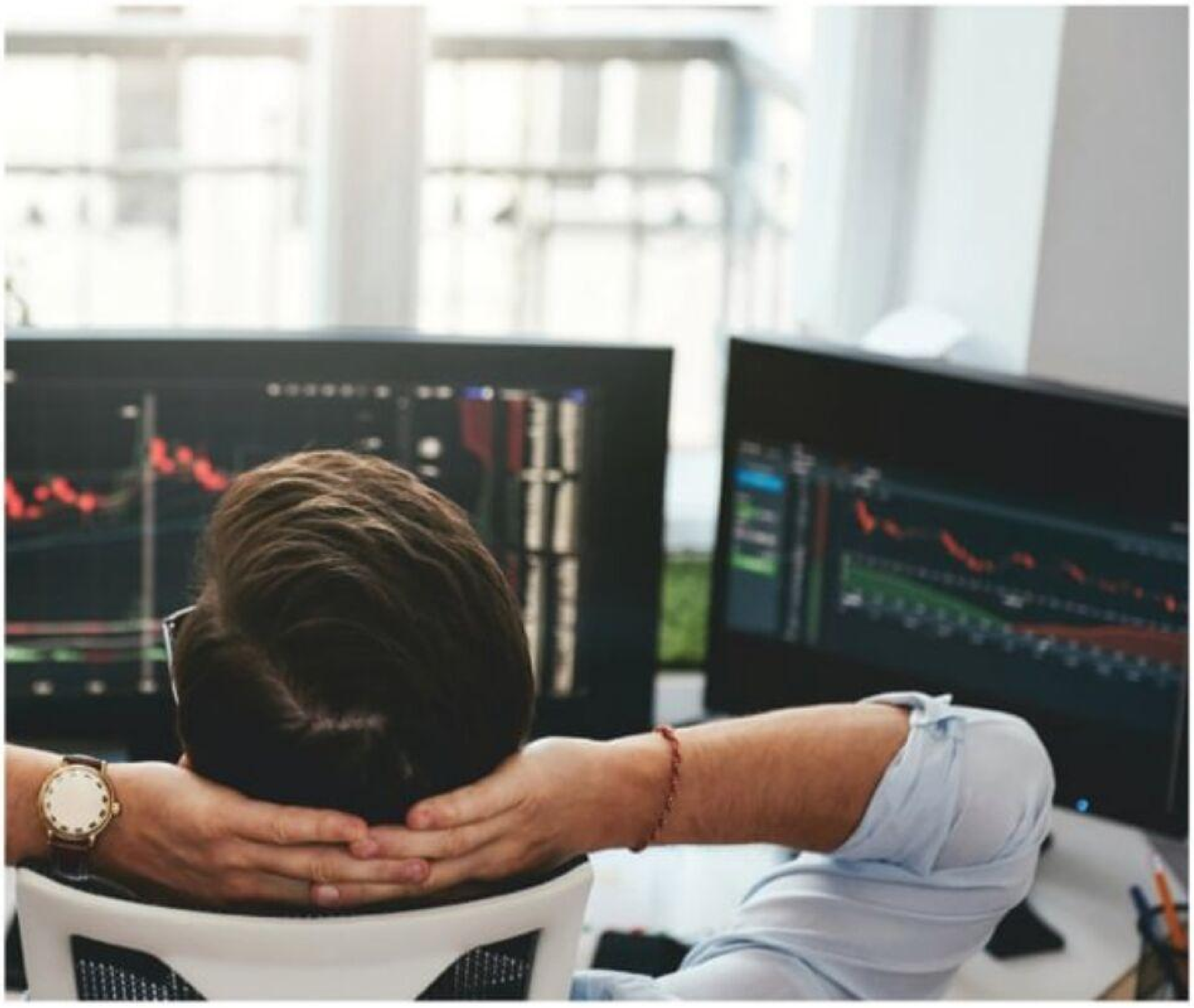
Centralizing Financial Control

Take charge of your money with powerful new tools that put it all at your fingertips

Centralizing financial management is not just advantageous, but essential. Leveraging the proper tools positions you at the helm of your fiscal path, guaranteeing informed, strategic choices. It's about creating a synergy between apps, accounts, and investment platforms that presents a comprehensive snapshot of your economic landscape.

CENTRALIZE TOOLS AND EMBRACE FREQUENT CHECKING

First, setting up your phone and computer to become command centers for your finances is paramount. It entails having a unified financial dashboard that can include banking apps, budgeting tools, investment platforms, and even debt-tracking systems. This can be as simple as creating a folder on your phone's homepage where all your apps are easily accessible and visible, or bookmarks of pages you frequently visit (equipped with saved login details). Ensure all your apps are in sync; this way, you can view balances across multiple accounts and move money seamlessly. Companies like Credit Karma or the Empire Personal Wealth app even offer solutions to aggregate financial information into one platform, giving you a macro perspective of your financial health. Beyond having a centralized setup, cultivating the habit of frequent checks into your investments can translate into more informed decision-making. For instance, if you notice a consistent upward trend in your income due to career advancement or business growth, it's the optimal time to bump up your retirement contributions or engage in other investment opportunities. Raise-driven adjustments to your savings demonstrate the principle of "paying yourself first," which emphasizes prioritizing long-term savings. The opposite also rings true: if you notice you're spending over your budget, you can take steps to reduce this habit.



AUTOMATE BILLS, SAVINGS, AND INVESTMENTS

Now consider the often tedious task of bill payments. Automating these transactions eliminates the risk of late fees and frees up time for you to focus on other endeavors. Most billing entities now provide hassle-free automatic payment options that can be set up online—ensuring that no matter where life takes you, your financial obligations are met promptly. Your financial credibility will benefit, given that payment history accounts for 35% of your FICO score. "If someone has adequate emergency savings, is regularly cash flow positive, and has a healthy checking account balance, automatic bill payment can be a time saver," explains certified financial planner Charles Ho in *USA Today*. Simplifying doesn't have to stop at bills; you can automate savings transfers after each payday, too. By creating automatic transfers that go directly into your savings account, you effectively condition your mind to be more savings-oriented. The same can be said for investments—apps like Acorns even round up daily purchases to the nearest dollar and invest the change into diversified portfolios, making investing more effortless than buying a morning coffee.

EMBRACE CLOUD STORAGE FOR DOCUMENT ORGANIZATION

In the digital era, managing your financial documents efficiently is crucial. As part of a comprehensive digital document management strategy, it's wise to download and securely store essential financial records like bank statements (typically issued monthly or quarterly), tax returns (filed annually), insurance policies (which may have multi-year terms), and investment statements (often received on a monthly or quarterly basis). Utilize secure cloud storage solutions like Dropbox, Google Drive, or specialized platforms like Evernote or M-Files for digital archiving. "If you're storing your documents on the cloud, through a system such as Google Drive or Dropbox, for example, make sure that you're doing your due diligence with security," notes certified financial planner Susannah Snider in *U.S. News & World Report*. These platforms often offer robust security measures like two-factor authentication to protect sensitive information. By converting your documents to digital form, not only do you save physical space, but you also make it possible to access them with just a few clicks. This level of organization can be particularly helpful during financial audits or when preparing for tax season as it ensures that all the documents you need are always at your fingertips. Notably, cloud-based solutions generally offer the capacity to share documents with financial advisors or family members securely and instantly—a critical feature for collaboration and estate planning.

Setting up automatic transfers to your savings conditions your mind towards growing wealth.

RETIREMENT PLANNING APPS

In a world teeming with digital aids for every conceivable purpose, retirement planning also has a range of savvy apps. Here are some exceptional options.

WEALTHSIMPLE This app stands out with its socially responsible investment options. Beyond featuring a robust retirement calculator, it allows you to align investments with personal values without compromising on financial growth, making it more than just a planning tool—it's a statement.

RETIREMENT PLANNER Catering to those seeking a straightforward approach, this app allows you to forecast your financial future based on current savings, investments, and expected Social Security benefits, making it invaluable for visualizing potential outcomes.

WEALTHFRONT This app combines the latest robo-advisor algorithms with easy-to-use planning features. It's attractive for its ability to manage your investment portfolio actively while offering clear projections as well as Path—a tool for retirement planning that adjusts recommendations based on your financial habits.

RETIREPLAN An iPad-exclusive app that's perfect if you prefer engaging with visuals, it has interactive sliders for adjusting age or assets to help you understand the impact of various saving rates and retirement ages on your final nest egg.

DEBT PAYOFF PLANNER Retirement planning comes with a lot of steps; one of the first is settling debts so you can allocate money toward your life savings. This app allows you to set a comprehensive, easy-to-follow payoff plan for all of your debts, getting you one step closer to financial freedom.

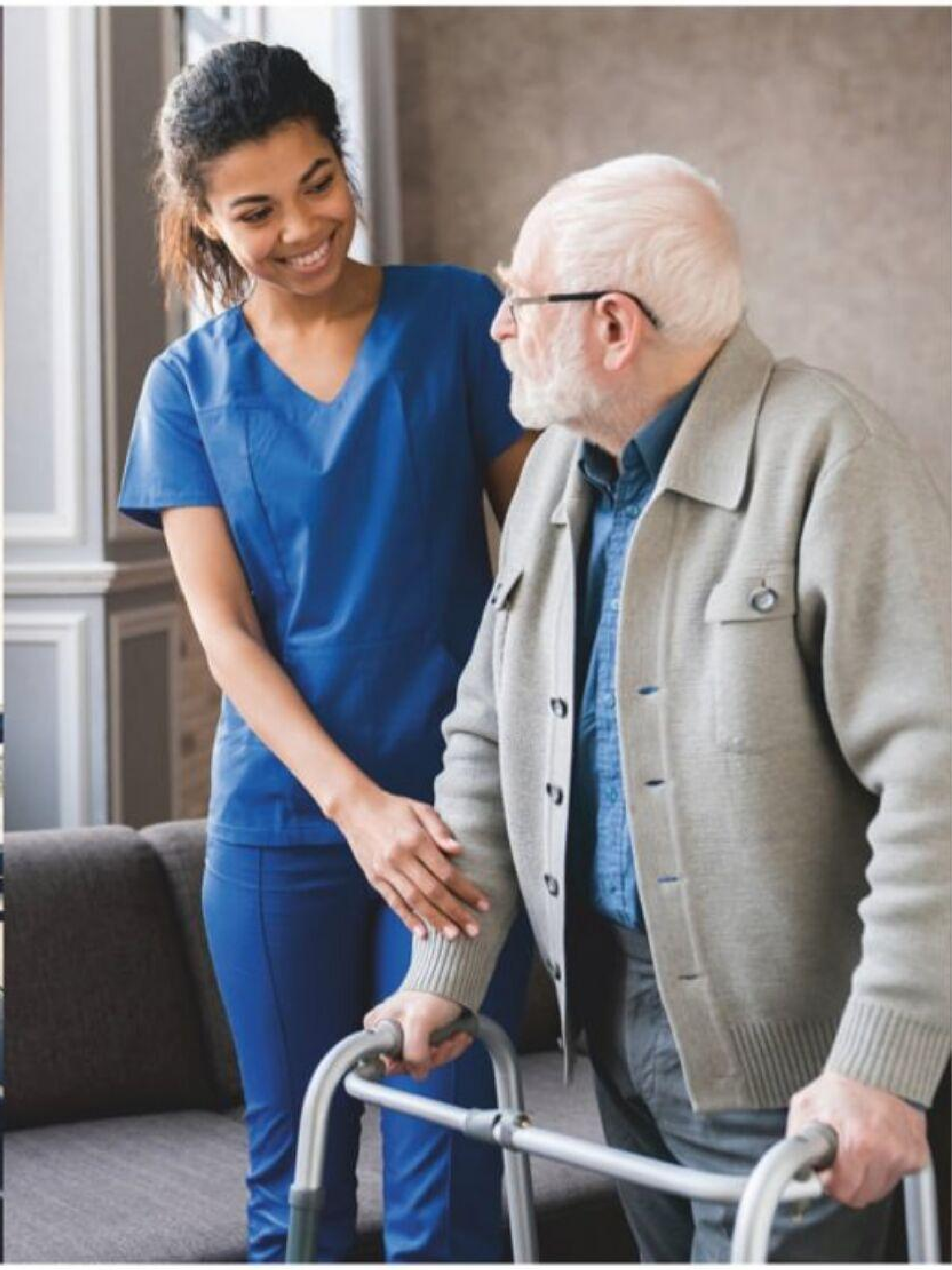
Insuring Against Disaster

What insurance do you need, and what's a waste of money? How to protect your wealth

As you climb the financial ladder, acquiring assets and welcoming new members to your family along the way, it's crucial to ensure that your hard-earned wealth is protected. A comprehensive insurance plan is an indispensable tool for safeguarding your financial well-being—below, you'll find out why.

HEALTH INSURANCE This is a cornerstone of financial protection from the exorbitant costs that can accrue from medical care—especially when the average visit to an ER in the U.S. costs upwards of $1,200. Health insurance comes in various forms, such as employer-sponsored, private policies, and government-provided plans like Medicare. Having health insurance can prevent such catastrophic financial outcomes by covering routine check-ups, emergency services, hospital stays, and medications. With rising healthcare costs, it's prudent for individuals—at any age or health status—to maintain adequate coverage. That becomes particularly evident when you consider that 66.5% of bankruptcies in the United States are tied to medical issues, according to a 2019 report published in the *American Journal of Public Health*.

LIFE INSURANCE This is all about preparing for the "what ifs." Term life insurance is cost-effective protection for a set period—ideal if you have young children or significant debt, like a mortgage. Whole life or permanent insurance is more expensive but offers lifelong coverage and cash value accumulation. Life insurance provides support to your family and other beneficiaries after you pass away—the policy payout can help cover funeral expenses, settle debts, and provide a financial cushion to your loved ones. The importance grows with each life change, such as marriage or having children. A study by nonprofit industry trade associations LIMRA and



Life Happens found that 52% of Americans are currently on the life insurance bandwagon. But if you're still single with no dependents, it's likely that you don't actually need it.

DISABILITY INSURANCE An often overlooked but crucial insurance type is disability insurance. Disability insurance acts as part of your income (usually around 40-60%) if you're not able to work due to a disability. "You may also want to think about what kind of elimination period makes sense; this is the time between your claim for disability and when benefits begin," explains Eric Roberge, a certified financial planner, in *Forbes*. "A longer elimination period can help you save on premiums, but this may only make sense if you maintain an emergency fund big enough to cover the gap between potential disability and when your benefit would begin paying out to you." Coverage needs vary based on your occupation and lifestyle; it's possible that high-risk job holders may need more comprehensive coverage.

271 burglaries happened for every 100,000 Americans in 2021, according to the FBI.

LONG-TERM CARE INSURANCE With life expectancies increasing, long-term care insurance is gaining importance. It covers costs associated with services that regular health insurance doesn't cover, such as nursing home stays or home health aides. The U.S. Department of Health and Human Services reports that nearly half of all men (49%) and more than half of all women (64%) who reach age 65 may need long-term care services at some point down the line. While less critical for the young, it becomes increasingly necessary as you age. These costs can be steep; Genworth's 2021 survey lists the national median cost for a semi-private room in a nursing home as $94,900 per year. The American Association for Long-term Care Insurance reports that the yearly premium for $165,000 in coverage costs approximately $1,200 for men

and $1,960 for women, both aged 60—meaning you'd have most costs covered, but always read the fine print.

AUTO INSURANCE It's illegal not to have car insurance, so this one is a necessity. No matter how excellent your driving records are, accidents happen—approximately 13 every 60 seconds in the U.S., according to the National Highway Traffic Safety Administration. Depending on your coverage, auto insurance protects against vehicle damages and covers liability for bodily injuries and property damage caused by you in an accident. Requirements vary by state, but usually include some level of liability coverage.

HOME/RENTERS INSURANCE Your home is likely one of your largest assets. Homeowners' insurance protects it from unexpected events like fires, storms, or thefts—according to the latest data from the FBI, there were 271 burglary incidents for every 100,000 individuals in the U.S. in 2021. Data sourced from Quadrant Information Services (a provider of enterprise-wide insurance solutions) indicates that the average yearly homeowners insurance premium in the U.S. stands at $2,511.25. Similarly, while renters may not own the dwelling they live in, they still have personal belongings worth protecting; renters' policies cover those possessions and potentially personal liability as well (and are sometimes required by landlords). "Renter's insurance policies don't cover losses caused by your own negligence or intentional acts," notes Jean Folger, an expert in financial analysis. "For example, if you fall asleep with a lit cigarette and cause a fire, the policy most likely will not cover the damage." These policies are typically only around $15-$30 a month.

STAYING CYBER SECURE

In the digital age, safeguarding your retirement accounts is as crucial as ever. Here are six tips to help you do it.

MULTI-FACTOR AUTHENTICATION MFA adds an extra verification step beyond your password, such as a code sent to your phone or generated by an authenticator app—it's a simple yet powerful deterrent against unauthorized access.

UNIQUE PASSWORDS Make sure they're complex and change them regularly. Combine letters, numbers, and symbols to create a robust defense against attacks. Never reuse passwords across different sites.

SOFTWARE UPDATES Financial institutions frequently update their apps and websites with the latest security patches. By ensuring you're using the most recent version, you're arming yourself with the newest defenses against cyber threats.

SECURE CREDIT REPORTS By closing or freezing your credit when you don't anticipate needing new credit soon, you limit potential scammers from opening fraudulent accounts in your name.

FREQUENT ACCOUNT MONITORING Consistently check to make sure everything is as it should be. Enable alerts for every transaction, no matter how small. This habit helps you quickly catch any irregularities.

PHISHING ATTEMPT PREVENTION Always verify the source before clicking on links or sharing personal information. Resources are available online to help you recognize fraudulent behavior.

Transitioning to Retirement

The key aspects of guaranteeing you're all set when your life of leisure rolls around

Navigating the passage from active employment to retirement is not unlike solving a complex puzzle. Each piece—whether it's pensions, investments, or savings—has to be methodically fitted to construct a clear picture of your post-working life. The central goal: Ensuring a stable and sufficient stream of income that can support you through your golden years.

MAKING THE SWITCH FROM EARNING TO WITHDRAWING

Transitioning from earning income to withdrawing from retirement accounts necessitates careful planning to ensure financial stability throughout retirement. To initiate this process, start by doing a general assessment of your retirement goals, lifestyle expectations, and anticipated expenses. This understanding will serve as the foundation for determining how much you need to withdraw from your retirement accounts. Once you have a clear picture of your financial needs, develop a withdrawal strategy that strikes a balance between meeting your income requirements and considering tax implications and longevity. The 4% Rule is a traditional approach where you withdraw 4% of your savings in the first year of retirement and then adjust that number each year for inflation. While not foolproof (since it's based on historical market conditions that may not repeat), it's a starting point for creating a sustainable withdrawal plan. Factors such as required minimum distributions (RMDs), tax brackets, and potential penalties for early withdrawals should be taken into account.

Diversification of withdrawal sources is crucial in retirement. This involves drawing income from various streams,

such as retirement accounts (e.g. 401(k)s, IRAs), Social Security benefits, pensions (if applicable), and other investments. "You should have large companies and small ones in your portfolio as well as investments that diversify between stocks and fixed income," explains certified financial planner David Weinstock on Business Insider. "You might want to have diversification with bonds, including government, corporate, municipal, and high-yield bonds as well." Through it all, mindful tax planning is essential. Understanding the tax implications of different withdrawal strategies, such as tax-free Roth IRA withdrawals versus taxable traditional IRA or 401(k) withdrawals, can help minimize tax liabilities and optimize your finances. Regularly reviewing and adjusting your asset allocation is advisable to align with your retirement goals and risk tolerance; consider adopting a more conservative investment approach as you transition into retirement to safeguard your savings.

Healthcare costs should be factored into your withdrawal plan, including expenses for health insurance, Medicare premiums, and out-of-pocket medical costs. Additionally, maintaining an emergency fund can provide a financial buffer for unexpected expenses, reducing the need for large, unplanned withdrawals from retirement accounts. Long-term care considerations and provisions shouldn't be an afterthought, either through long-term care insurance or other strategies to mitigate potential financial burdens. Seeking advice from a retirement-specializing financial advisor can provide key insights and assistance in navigating the complexities of retirement withdrawals, optimizing your strategy, and making adjustments as needed. Ultimately, keep in mind that flexibility is key. Stay open to adapting your withdrawal strategy to accommodate changing circumstances, such as market fluctuations, unexpected expenses, or alterations in tax laws. Regularly reassess your financial situation and then adjust your plan accordingly to ensure a successful transition into retirement.

Develop a **withdrawal strategy that balances meeting income requirements with longevity.**

CALCULATING NEEDS AMIDST INFLATION

Nail down your essential expenses such as housing, healthcare, groceries, and utilities—these are your non-negotiables. Let's say they total $3,000 a month now. By using the Rule of 25, you multiply your yearly essentials ($36,000) by 25 to estimate how much you'll need for retirement. That's $900,000. "This 25x rule is specifically tied to the cost of living and is the No. 1 reason why experts will continue to drive the point that living below your means is critical to building wealth," says Mawuli Vodi, a financial educator, speaker, and author, in *U.S. News & World Report*. Yet inflation can greatly diminish purchasing power over time. If we assume an average inflation rate of 3%, your current expenses could double in about 24 years. So if you plan to retire in 20 years, expect to need roughly $6,000 per month to cover those same costs due to inflation.

To factor in inflation for retirement planning, use the Future Value (FV) formula: FV = PV x (1 + i)^n. "PV" represents current expenses ($3,000), "i" is estimated monthly inflation (0.0025 for a 3% annual rate), and "n" is the number of months until retirement (240 months for 20 years). Plugging these numbers in, FV ≈ $3,000 x (1 + 0.0025)^240 ≈ $5,462. Therefore, expected monthly expenses would be approximately $5,462 at retirement. Given this figure and applying the "Rule of 25" again, you'll need a nest egg of about $1.64 million ($5,462 x 12 months x 25 years) to maintain your lifestyle considering inflation. Remember that these calculations are a guide—every person's situation varies.

CLAIMING SOCIAL SECURITY

Understanding when and how to claim Social Security benefits can significantly impact your lifetime income. To maximize the benefits, one practical strategy is to delay claiming until you reach Full Retirement Age (FRA) or even up to age 70, if your finances allow. For those born in 1960 or later, FRA is 67; for others, it may vary from 65 to 66 and a certain number of months. If you claim before your FRA, your monthly benefit decreases; for example, claiming at 62 could reduce it by up to 30%. Conversely, delaying benefits past FRA up to age 70 increases your check by a guaranteed 8% each year due to delayed retirement credits.

To claim Social Security, you can apply four months before you want your benefits to start. Visit the Social Security Administration's website or your local SSA office; you can apply online, in person, or over the phone. Have your personal documentation—such as birth certificate, W-2 forms, and identification—on hand to make the process easier. Remember, the decision isn't just personal; if you're married, consider the spousal and survivor benefits involved. Strategize with your partner to optimize combined benefits. Each person's situation is different, so consider consulting a financial advisor for personalized advice.

SOCIAL SECURITY

Planning Your Estate

Wills and trusts ensure that your heirs are well taken care of after you're gone

Estate planning might sound like something only the ultra-wealthy need to worry about, but it's actu-ally beneficial for anyone with assets they'd like to pass on to others. Whether you're leaving behind a modest savings account or a more substantial fortune, proper estate planning ensures your money goes to the people and causes you care about most—and that's where wills and trusts come in.

WHY YOU NEED A WILL

Creating a will is a fundamental component of estate planning and as crucial as financial plans get. A will serves as a legal document, allowing individuals to communicate their wishes regarding the distribution of assets, care of minor children, and continuation of legacies after their passing. Without a will, these critical decisions fall to the default laws of intestacy, which might not reflect personal preferences and can often lead to ugly family disputes. Drafting a will also offers the opportunity to appoint an executor—someone trusted to manage the estate and ensure that the decedent's wishes are honored. This clarity can prevent potential legal conflicts among heirs and streamline the probate process, saving time and reducing stress during an inherently difficult period. "Wills do not have to be complicated to be effective," explains financial planner Howard Hook in *Forbes*. "They do, however, have to be understandable to someone who is charged with carrying out your final wishes."

In addition to delineating asset distribution, a well-crafted will can minimize tax implications for beneficiaries. By employing strategies like establishing trusts within the will, you can provide for your loved ones in a tax-efficient manner. This foresight ensures that more of your assets are preserved for your intended recipients rather than being consumed by taxes or external claims. From a sentimental standpoint, leaving

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specific heirlooms or personal items to loved ones through a will can carry profound emotional significance, ensuring that treasured possessions are passed on according to your wishes. In essence, creating a will allows you to maintain control over your estate's future even when you're no longer there—a final act of care and consideration for those you hold dear.

HOW TRUSTS FACTOR INTO ESTATE PLANNING

Estate planning isn't just about drafting a will; it's an extensive process that ensures financial security for your heirs, and central to this are trusts. But how do you know if you need a trust in the first place? Everyone should have a will, but not everyone needs a trust. They're most advantageous for those with substantial assets, complex family situations, or specific wishes for how their money should be used. If you fall into one of these categories, a trust can be a game-changer for ensuring your legacy is handled exactly as you wish. If you're interested in minimizing estate taxes or protecting your assets from lawsuits or creditors—for instance, if you're a business owner—a trust could be particularly valuable.

A trust is a type of account where a trustee manages assets for a beneficiary. It's similar to a will, but it's often active during the grantor's lifetime. "Trust funds can hold a variety of assets, such as money, real property, stocks and bonds, a business, or a combination of many different types of properties or assets," notes Cathy Pareto, a financial planner and private wealth advisor, on the investment education platform Investopedia. Trusts often specify how and when the assets will be passed on to the beneficiaries. Setting up a trust begins with determining the right type for your needs. There are various kinds, such as revocable trusts, which can be altered or revoked by the grantor (you) during their lifetime, and irrevocable trusts, which are permanent and cannot be changed (barring extenuating circumstances). The process involves drafting a trust document, naming a trustee, and transferring property into the trust. This document details your wishes regarding how your estate will be managed and distributed upon your death or incapacitation. To set up a trust, you'll need to engage an estate planning attorney who can ensure your intentions are clear and legally sound.

Different types of trusts often address specific needs. For example, a marital or "A" trust gives benefits to a surviving spouse, while a charitable lead trust ensures benefits first go to charity, and then your beneficiaries receive the remainder. Trusts can also be used to protect property for certain beneficiaries, like minors, or those with special

Creating a will is a final act of care and consideration for those you hold dear.

needs. When it comes to tax implications, trusts can be quite complex. Irrevocable trusts may help reduce estate taxes as they take ownership out of your personal estate and therefore may not be subject to federal estate taxes upon death depending on the size of the estate. Additionally, certain types of trusts may allow for income generated by the trust assets to be taxed directly to the beneficiaries, who might be in lower tax brackets.

Trusts aren't merely about dictating who gets what; they encompass managing and protecting your estate from taxes and probate costs as well as preserving inheritance for future generations. The documents needed for setting up a trust include the declaration of trust document itself, titles or deeds that transfer assets into the trust's name (such as real estate deeds), and often a pour-over will which ensures that any assets not included in the trust at the time of one's death will automatically transfer into it upon death. Tax documents will vary according to the type of trust but may include IRS Form 1041 (U.S. Income Tax Return for Estates and Trusts) if the trust is required to file its own tax return separate from individual returns. Understanding specific tax liabilities for each type of trust is essential to maximize financial security for your heirs while minimizing their tax burdens. $

HOW MUCH WILL I RETIRE WITH?

Imagine three young friends—Alex, Bob, and Casey. They each earn $40k annually, and decide to invest part of their income for their respective retirements. After 40 years on the same salary, their retirement savings look strikingly different due to their investment strategies during their working years.

Alex plays it safe, stashing his money in a savings account with a 1% return. Contributing $200 per month adds up to about $118,000.

Bob opts for a balanced mix of stocks and bonds, averaging a 5% return. His strategy involves $200 monthly investments as well. Thanks to compound interest, Bob eventually retires with a solid $305,200.

Casey goes for an aggressive stock portfolio that yields an average of 7%. With the same monthly input of $200 over 40 years, Casey impressively amasses about $525,000.

Their divergent results underscore the power of compounding and investment savvy. Although these numbers would need to be adjusted for inflation, it's evident that prudent planning makes all the difference between subsistence and prosperity post-retirement.

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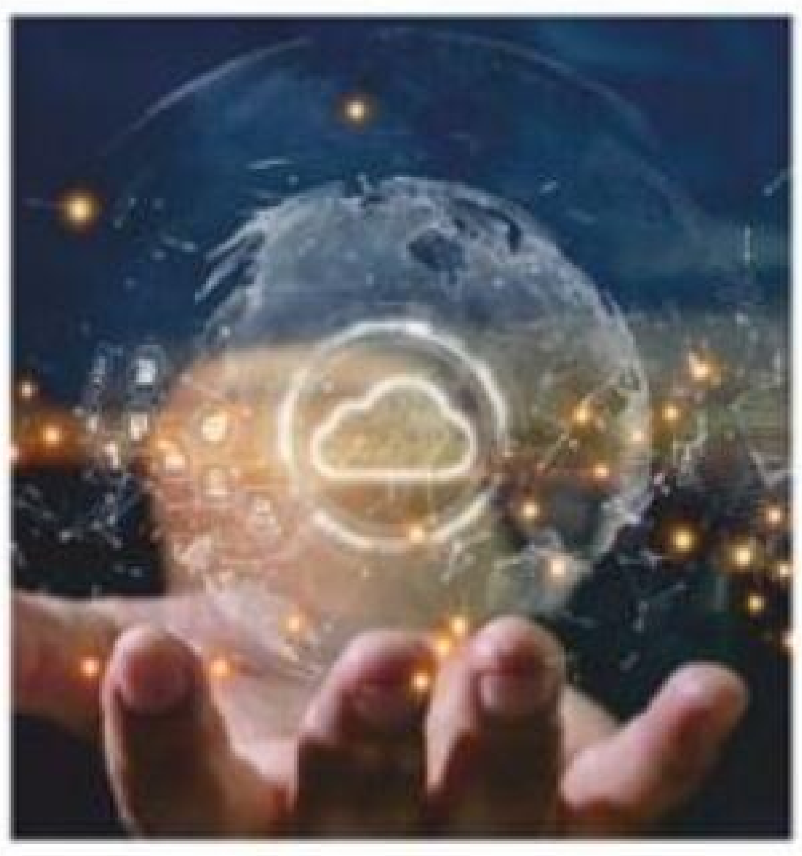

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